

# Decentralization of agricultural planning systems in Latin America

FAO ECONOMIC  
AND SOCIAL  
DEVELOPMENT  
PAPER

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## FOREWORD

Major changes in the world during the 1980s in the economic and political spheres have changed the nature of the economic planning issues. Attention is increasingly being paid to growth strategies that highlight market influences, the liberalization of trade, deregulation and reduced Government intervention. However, it should be noted that the often cited "planning versus market economy" alternative is a false dilemma. Even in a economy based on free trade, privatization and deregulation, the Government is required to decide on the basic direction of development and to seek an equitable distribution of its results. The problem now is how to effect planning in market economies in which the degree of Government intervention is determined by each individual society.

Since the 1970s development planning in Latin America has included a number of decentralization experiments in the agricultural sector: a sector in which the spatial-regional dimension is obviously an essential feature. Though decentralized planning allows for different directions and definitions, its most basic feature is increased participation of the various social groups in policy planning and implementation decision-making processes. This democratic planning offers a new approach and one which can incorporate flexibility, effectiveness and coordination into Government action in the agricultural sector. This paper looks into four Latin American experiences in the field of agricultural decentralization. Though their achievements are generally limited and not very stable, they nevertheless represent and advance in the above direction and serve as a basis to enhance discussion on the matter.

In line with one of FAO's recommendations in its 1988 study "Potentials for Agricultural and Rural Development in Latin America and the Caribbean", this paper focuses on the institutional aspects of the agricultural decentralization process, which the sectoral analyses have hitherto largely neglected. There is an increasing need to tackle issues such as the capacity of the ministries of agriculture to defend a pro-agricultural and rural approach before the other ministries; inter-institutional coordination; and the effective ability of agricultural institutions to implement regional and local policies.

This paper on decentralization of agricultural planning will be followed by other reports on current agricultural planning problems in Latin America, for a comprehensive overview of the subject. FAO hopes, in this way, to contribute to the discussion of an issue of renewed importance. The hope is that in overcoming the pressing short-term problems caused by the debt crisis, Latin American countries may also consider the technical, economic and social aspects of their medium and long-term strategies and policies, with a view to regaining the path of sustained, but this time more equitable, growth.



Finally, we should like to thank those who have contributed to this papers. Carlos Peixoto prepared a provisional draft of the case studies for Brazil, Colombia and Peru. Emilio Robles did the same for Mexico. Alberto Paniagua revised and updated the study on Peru, whilst Héctor Maletta and Carlos Peixoto provided ideas that have been included in chapters I, II and IV of the paper. The final version was prepared by the Latin American and Caribbean Group of the Policy Analysis Division.

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DECENTRALIZATION OF LATIN AMERICAN AGRICULTURAL PLANNING SYSTEMS

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## INTRODUCTION

Since the 1970s, development planning in Latin America has included a number of territorial decentralization experiences. This decentralization process has affected both global and sectoral planning, particularly in the agricultural sector, where the spatial-regional dimension is of major importance. During the 1980s, when both the crisis and the trends of economic restructuration were at times interpreted as a crisis of planning itself, the gradual decentralization of planning systems opened the way towards renewed public and private flexibility, participation and effectiveness.

This paper focuses on the institutional aspects of decentralization. The contents and achievements of agricultural policies formulated and implemented through decentralized planning are not covered. This may be a constraint to overall evaluation of the experience. But hopefully it may nevertheless help to enhance awareness and provide criteria for the management of a process which has considerable potential for accelerated agricultural development.

The decision to begin with the institutional aspects is not accidental. An institutional crisis is currently under way as witnessed by the delegitimization of the traditional forms of State intervention and the widely held view that government agencies are inefficient. Despite their importance, these aspects have usually been ignored in agricultural development studies.

The first chapter provides an historical overview of planning systems and their evolution in light of the economic crisis. The following chapter explores the significance and objectives of decentralized planning and some of its modalities and forms. The third chapter presents studies on Brazil Colombia, Mexico and Peru in the following order for each country: background of the national planning system; description of the sectoral planning bodies and their relationships with their global planning counterparts, with an emphasis on such aspects as institutional coordination, the internal division of work and the effectiveness of government actions; finally, the decentralization of agricultural planning and its consequences. The final chapter lists the major conclusions and various recommendations for subsequent related action.



## I. DEVELOPMENT AND PLANNING CRISIS IN LATIN AMERICA

### A. The historical context of development planning

The emergence and development of the national planning system in Latin America was closely linked to the development model adopted by the countries of the region. This model called for active Government intervention to bring about structural changes that were considered essential, and so planning was considered as a basic instrument to further development policy, particularly in a region where considerable Government intervention was a fact of life. Planning experiences in other regions also had a theoretical and practical influence.

Global and multisectoral planning began during the 1950s, under the new terms of international economic production and with the inclusion of Latin America in the new economic situation.

Centripetal trends emerged in the national economies after the crisis of the 1930s, in contrast to the pre-crisis international movement of goods, capital and labour. The prolonged depression, together with the increased fragmentation of the world economy and the trend towards national autarchy deeply influenced world economic and political thinking during this period (Keynesianism, the theory of stagnation and the oligopoly, the ECLAC school in Latin America) and, at the same time, represented a major crisis for the theory of free trade and neoclassic automatic adjustment. Growth no longer appeared an automatic process but rather a result of policy decisions and continuous planned Government intervention.

In Latin America, this economic reality appeared as a development model that tended towards greater national autonomy, widely referred to as "inward development" or "import substitution". This involved extensive Government intervention, a considerable degree of protectionism and financial autarchy, with a major focus on promoting industrialization, for which the planning processes played an important role. The first development plans to emerge during the 1950s clearly reflected this orientation and continued to do so during the subsequent decades.

From the outset, planning in Latin America, based on market economies with mixed economy features, contained a degree of conflict between two concepts. One considered planning to be an integral part of economic and social policies, with, therefore, strong State intervention. The other only considered planning as the instrumental means of rationalizing and marshalling Government action, whatever the level and modalities involved. This ambiguity has often created artificial conflict between planning and the market economy. With this concept, any greater emphasis on the market mechanisms would undermine the role of planning as the basis of the economic system.

Planning as a development instrument was promoted by ECLA from the early 1950s, but was only formally and generally accepted as a means of action after the Punta del Este resolutions of 1961. The Alliance for Progress played a major role in adopting the objectives of economic development and structural change, as well as in institutionalizing planning as the primary tool for achieving these objectives. The Alliance emphasized the need for certain structural reforms (agrarian, fiscal, educational, etc.), as well as the need to organize and coordinate Government policies in the region through global

programmes. It made external financial aid conditional upon the formulation of development plans, a strong incentive to the development of planning institutions and techniques.

Thus, the emergence and development of planning was promoted by extraneous historical factors. Expectations were high, planning became an instrument in its own right and its virtues tended to be overestimated. <sup>1/</sup> Logically, then:

- a) planning systems rapidly became institutionalized;
- b) among the global and sectoral development plans, those for agriculture had a relatively high technical level;
- c) the methodology, organization and certain other components of the system were refined;
- d) planning offices acquired prestige and power within the Government structure, including (but not always) short-term decisions;
- e) numerous agrarian reform laws were passed and many more remained at the draft stage;
- f) sector-specific planning office proliferated and related organizational reforms always sought to enhance their status.

We cannot say that true global or agricultural planning systems were established during this first stage. Nevertheless, in certain countries, these managed to acquire a degree of institutional prominence, effectiveness and authority. Similarly, the foundations had been laid for increasingly developed and efficient planning systems and processes.

## B. The development of the planning systems

### 1. National development planning

During the period of increased industrialization and import substitution from the 1950s to the 1970s, planning was viewed as a crucial development instrument in virtually all countries of the region. This importance reflected the decisive role of the State under the prevailing development model.

Initially, the planning structure was highly centralized. Planning offices were only found at the upper echelons of government. These were essentially responsible for programming public investment, establishing the major growth orientations, determining the aims of the various Government sectors and projecting the future behaviour of the whole national economy. Short-term economic policies were usually omitted from planning activities.

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<sup>1/</sup> See Antonio Pérez, "Problemas actuales y tendencias de la planificación agrícola en América Latina", Rome, FAO/ESP, 1985.

The preferred instrumental means were usually the medium-term "reference plans", for the long-term approach was only just emerging and short-term planning was usually left to the executive bodies. It was very rare, for example, for the planning institutions to be actively involved in programming the annual budget.

## 2. Sectoral planning

A natural and relatively early extension of these initial planning systems was the creation of sector-specific offices in the various ministries. These were responsible for providing the sectoral inputs for the national development plan, which were subsequently harmonized at the central level.

Though the axes of the development process were manufacturing industry, energy and the infrastructure, agriculture sector planning was also important at this stage.

In addition to planning agricultural output and the related processes (provision of inputs, marketing), agricultural planning also featured other essential components: major infrastructure projects (mainly irrigation); changes in land occupancy and tenure (settlements and agrarian reform); and the emergence of small-scale integrated rural development projects, though these only gained momentum during the later years.

## 3. Decentralization of agricultural planning

During the 1960s and particularly the 1970s, the context of global and agricultural planning became more complex and diversified. The rapid institutionalization of agricultural planning was increasingly accompanied by economic incentive and technological modernization policies, etc., in addition to the more important national programmes as, for example, agrarian reform, agricultural investment projects, commodity-specific promotion programmes, public sector and budgetary programming and the social aspects of development, which evolved in many countries towards the concept of rural development.

At the same time, historical land occupancy modalities and the form of development associated with import substitution both tended to concentrate development in a limited number of major urban centres, which accentuated regional differences. This highlighted the need for more balanced geographical development based on specific local situations. This in turn made decentralized planning attractive.

Regional planning offices thus emerged that were answerable to both federal and state governments (in federal countries), or to provincial and regional governments (in unitary systems).

In more recent times, the economic crisis affected development planning processes, partly because of ideas which question the very role of Government intervention and advocate the deregulation and promotion of market mechanisms. Earlier decentralized planning experiments, such as those in Brazil, Chile, Perú, etc., either remained unfinished or suffered distortions and delays.

### C. The economic and planning crises

A major international economic crisis, the worst since the 1930s, set in during the second half of the 1970s. It was followed by a process of economic restructuring in a general context of inflation and recession which challenged the premises underlying the post-war development model and its implementing institutions.

The rapid growth international trade and new technologies reversed the trends towards relative autarchy and produced increasing commercial, technological, economic and financial interdependence. The economic and development model crises of the 1980s had world-wide repercussions and also affected countries with centrally planned economies. In fact, the economic reforms introduced in these countries have concentrated on the gradual introduction of a number of market mechanisms, based on a critical reappraisal of their development experiences.

On the level of economic thinking and culture in general, the tendencies that emerged clashed with the basic underlying concepts of the previous period of development. This led to the re-emergence of neoliberalism and social individualism, expressed regionally as structural adjustment programmes with strong anti-Government and anti-planning connotations.

At the beginning of the 1970s, import substitution for light industry finished goods was largely in place, at least in the major countries of the region, with costs increasingly difficult to inflate. The vertical national integration model lacked impetus, whilst the failure of attempts to achieve regional and sub-regional integration restricted industrialization to a limited number of national markets, mostly too small to sustain the accelerated development of industrial output.

Agricultural development was somewhat hampered by "urban-biased" price policies. In addition, exaggerated industrial protectionism, which accompanied the import substitution process, was already manifesting its more negative consequences: limited international competitiveness of manufactured goods; recurring foreign exchange shortages; and heavy dependence on the importation of more sophisticated industrial products.

There was a real need, therefore, for structural change and productive rationalization. In each case, however, the viability of the desired restructuring was conditioned by the availability of substantial financial resources. Coupled with a series of negative international factors, this led to accelerated Latin American external borrowing, which, in turn, produced the so-called "debt crisis" during the early 1980s.

With the new international and regional context, the planning process experienced a dramatic reversal of direction. Firstly, the worsening national economic crises and the need to reduce Government investment and expenditures resulted in a sizeable shortfall of funds to sustain the development plans of the previous years. The very existence of a number of planning offices was threatened because of the budget cuts.

Secondly, greater importance was attached to economic concepts that underlined the need for deregulation and privatization as essential requisites of the restructuring process. A greater reliance on market mechanisms

signified a reduced role for planning. Deregulation was introduced with the consequent gradual dismantling, or at least weakening, of the planning system structure. In effect:

- the planning offices were increasingly isolated and often excluded from the major decisions, which came to be made outside of the planning system;
- the number of global and sectoral studies and plans dropped considerably, though in various countries these continued to be carried out merely to fulfil legal commitments;
- consequently, in many countries, the planning offices were often unable to attract high-calibre staff, and salaries and other incentives suffered a relative drop. 1/

#### D. Beyond the planning crisis

The current economic crisis, often accompanied by strict macro-economic adjustment programmes, has led to a reduction in government intervention. The crisis of the centrally planned economies but, above all, the current prevalence of laissez-faire economic reforms, have also contributed to weaken planning support and planning structures alike.

At its extreme, the issue has created the false dilemma of "planning vs market action". Nobody currently questions the idea of deregulation and adapting Government activity to the new situation. However, this does not imply doing without planning altogether. At the other extreme, the previous concepts of planning had often reached the stage where it was considered crucial to the economic process, with the market being of secondary importance. The issue needs to be presented in more rational terms.

Planning in a mixed economy should not be considered responsible for defining the very substance of the economic system and its policies, with the market relegated to a subordinate role. Nor should it be viewed as the implementation channel for strategies, policies and resource allocation. On the contrary, planning should play the more modest role of enhancing the rationality and coherence of an economic system through the sound use of the policy instruments available to the State. The following definition is appropriate for the case of agricultural planning:

Agricultural planning can be defined as a deliberate, continuous Government activity which, through systematic implementation, sets out to prepare, facilitate and rationalize Government-level decisions, as well as to monitor and evaluate their subsequent execution, with an overall view to achieving the objectives set for the agricultural sector. 2/

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1/ Antonio Pérez, op. cit.

2/ Antonio Pérez, "Problemas actuales y tendencias de la planificación agrícola en América Latina", FAO, ESP Rome, March 1985.

Various authors have reached the conclusion that planning will be necessary in the near future, but that this should be reformulated in terms of theory, methodology and practical implementation, whilst "a more pragmatic and measured attitude should be taken to the modality, role and prospects of planning" <sup>1/</sup> in regard to its actual implementation in Latin American countries.

In this context a distinction is often made between routine planning and strategic planning. "Routine planning" or "routine planning capacity" signifies the capacity to plan and monitor the implementation of projects and programmes which have traditionally been carried out by the various specialist agencies of the Government structure. The other form, the "strategic planning" or "strategic planning capacity", involves a smaller number of functions, which are attended to by senior policy-makers. <sup>2/</sup> De Matos notes that "it is very likely that the type of planning which can actually be practised during the coming years will be a pragmatic combination of the two types of planning capacity". <sup>3/</sup>

With regard to routine planning, Van Arkadie advocates the institutionalized adoption of better techniques for the use of public sector resources, to improve the coordination of routine-type actions and channel them into a more coherent framework. With regard to strategic decisions and actions, he highlights the control of three vital aspects of development policy: short-term macro-economic management in conditions of external restriction; the medium-term promotion of an efficient production and marketing structure; and income distribution policy.

In general terms, governments should, therefore, focus on a limited programme, as a means of maintaining some control over the economic situation. Thus, selectivity and the establishment of priorities are essential criteria for determining areas that need to be tackled. At this point, at least three levels of Government activity need to be differentiated:

- Activities directly tied to essential Government services (security, defence, general administration, perhaps certain basic social services such as education, etc.) and to basic infrastructural investment.
- Activities geared towards influencing the behaviour of private traders and managing the economic aspects of Government activity (monetary and fiscal policy, tax and price policy, etc.).
- Government entrepreneurial activities in the production of goods and services for the market.

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<sup>1/</sup> Carlos A. De Mattos, "The State, Decision-Making and Planning in Latin America". *CEPAL Review*, No. 31, Santiago de Chile, April 1987, page 129.

<sup>2/</sup> In a recent article Brian Van Arkadie used these concepts to tackle the current planning issues. "A note on new directions in planning". *CEPAL Review*, No. 31. Santiago de Chile, April 1987. See also an introduction to these concepts in Carlos Matus *Estrategia y plan*, Editorial Universitaria y Ediciones Siglo XXI, Santiago (Chile), 1972.

<sup>3/</sup> De Mattos, op. cit., page 129.

Most of the discussion concerning deregulation and the adoption of more liberal or more interventionist policies refers to the third level (the State as entrepreneur), and also to the manner in which the State operates at the second level (for example, whether exchange and customs policies should pay more or less attention to the comparative advantages, or whether monetary policy should focus primarily on monetary stability or economic expansion). Even at their most extreme, the neoliberalists consider the first and second levels to be inevitable roles of the State, and often also recognize the need for (limited) State entrepreneurial activity.

In this context, even within the framework of a neoliberal policy, the management of Government structure implies the management of a complex series of activities and instruments, which therefore requires an ordered and rational methodology to schedule the actions, define priorities, supervise activities, evaluate results, etc. Thus a market economy requires the implementation of planning instruments, though their nature may need to correspond to the overall institutional framework and, naturally, will be different to those in mixed economies with considerable Government intervention.

The mistaken conflict between planning and the market arises from confusion over two concepts of planning: one as an economic system and one as a management instrument for Government action. In this connection, Ramos states that, rather than discussing whether a centrally planned economy is more advantageous than a market economy, the Latin American countries should be discussing the most beneficial combination between State intervention and the market in a mixed economy. Naturally, both require planned, that is, rationally managed, Government action. If planned policy is to promote dynamic development, it should focus on a number of essential areas. It should encourage savings and enhance the allocation of investment; promote the shifting of production towards tradable goods; and improve the efficiency of Government infrastructural investment. Government intervention would have to be made more effective in a foreseeable context of foreign exchange shortages and austerity. Intervention in the private sector should concentrate on orienting the basic factors of the economy (factors markets, interest rates, the exchange rate, effective protection, wages) and should only exceptionally intervene as an entrepreneurial agent in the market for goods. 1/

The organization of planning in a global political and institutional context and the issue of social participation in the planning process are both closely tied to the planning crisis. For example, García d'Acuña indicates that, in the present Latin American situation, the policy-maker should bear three things in mind: the participating agents; their motivation and behaviour; the possibility, in a democratic situation, of reaching a basic consensus that will permit a national development project. Along the same lines as Marshall Wolfe, the writer is confident that "the national majorities, faced with an urgent need to emerge from the crisis, will reach some degree of mutual understanding on viable policies and their own participation in them, as some recent proposals for national agreements and concerted planning would appear to suggest". 2/

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1/ Joseph Ramos, "Planning and the market during the next ten years in Latin America". CEPAL Review, No. 31, Santiago de Chile, April 1987.

2/ Eduardo García d'Acuña, "New directions in planning: an interpretative balance". CEPAL Review, No. 31, Santiago de Chile, April 1987.

Similarly, Holland believes that consensus among the various participants can and should be reached, provided it is based on a process of social negotiation to new ends. This would necessarily involve concessions being made by the various social groups and classes. 1/ It would mean reintroducing pluralism and democratizing the market. The basic production and investment decisions would, therefore, require agreements, consensus and contracts between government, public and private enterprises and the trade unions. Such agreements would serve to support the general macro-economic policies, by reinforcing their objectives in terms of employment, stability and growth.

This negotiated planning model accommodates three major objectives of democratic planning: better balance of power between enterprises, workers and the Government; conciliation of the interests of big business with those of other producers and consumers; and the avoidance of excessive State control and unbridled Government action. As indicated by ILPES, 2/ future planning will bear little relation to past concepts, methods, techniques and procedures, due to the complexity of present-day society, which undermines rigid planning at birth; to the increased pace of development, which soon invalidates any planning implemented; and to the state of growing uncertainty, which shatters all attempts to control the future.

According to ILPES, national planning in the 1990s will have to operate deliberately in a context of multi-structured social processes, shared power and undefined horizons. On the technical level, there will be a move towards corporate strategic planning and the policy-maker's future role will be increasingly advisory in nature. He will be fully aware that governing will equate to managing complex systems with long-term coherence and that guiding national development will entail selectively exploiting the opportunities that arise in an accelerated and highly creative process of world change.

Alongside the discussion on the need to reformulate planning in Latin America, attention was also drawn to the need to encourage decentralization and participation as a possible means of finding more appropriate orientation modalities for State management. Decentralization would help society to mature and would permit more independent forms of expression, free of rigid and excessively hierarchical structures. An essential requisite, if society's members are to take a more active part in decision-making, is democratic organization. This is particularly, visible in rural planning, for progress towards the genuine, free and democratic organization of the small farmers and their social units is perhaps one of the most effective ways of facilitating a rural development strategy. 3/

1/ Stuart Holland, "Beyond indicative planning", CEPAL Review, No. 31.

2/ ILPES, "Inserción externa, desarrollo y planificación (Summary of the main paper submitted at the VII Conferencia de Ministros y Jefes de Planificación de América Latina y el Caribe - Seventh Conference of Ministers and Heads of Planning of Latin America and the Caribbean, Montevideo, May 1989). In CEPAL, Notas sobre la Economía y el Desarrollo, No. 476, May 1989.

3/ FAO, Regional Office for Latin America and the Caribbean, La planificación agrícola ante la Crisis Económica, RLAC/87/41-PLAN-2, Santiago de Chile, 1987.



This calls for the establishment of a realistic and operational planning system as opposed to impeccably formulations which bear no relation to reality. Regulatory and operational structures must reflect present trends. The strengthening of bottom-up operational flows is essential within the formulation process if agricultural policy instruments are to effectively match macro-economic policy.

Though democratic participation of the society in planning is important, the process should clearly not be one-way: exclusive bottom-up planning would be as mistaken and unprofitable as would strictly top-down planning. A highly centralized regulatory structure and an extensively decentralized operational structure are fundamental principles of planning that need to be urgently reinforced in the context of agricultural planning if an effective contribution is to be made towards overcoming the crisis (FAQ/RLAC, op. cit.).

Another important issue is the relationship between decentralized planning and regionalization. Decentralization and regionalization inevitably overlap, since the regions will become the seat of a part of the politic-administrative decentralization process. There would obviously be little sense in advocating regionalization if this were not accompanied by the decentralization of Government jurisdiction and powers. Thus, it would seem appropriate to set the decentralization issue within the framework of regionalization and balanced regional development.

In this connection, as the concepts and purposes of decentralization and regional development become intermixed, it "becomes evident that these processes will have to be coordinated through renewed forms of socially participatory and institutionally concerted planning".<sup>1/</sup> This would reduce the trend towards concentration that arises when the development and workings of the economic system are left entirely to market forces.

A number of preliminary conclusions can be reached with regard to the planning crisis:

1. Planning should be seen as an instrument to rationalize and marshal Government action, rather than as an economic organization option that necessarily implies extensive State intervention in the economic system. It serves to prevent disorganized or improvised Government action but does not clash with the market economy.
2. In an economy that favours the role of the market, the planning of State action should include the programming of strictly governmental actions, such as the orientation of public expenditure or the public investment programmes, and the programming of the State enterprises.

At the same time, and perhaps more importantly, the State should plan the overall course of the economy in accordance with politically determined development strategies and macro-economic objectives, using economic policy instruments to regulate the markets or to help to create them where they do not yet exist.

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<sup>1/</sup> Sergio Boiser, "Decentralization and regional development in Latin America today". CEPAL Review, No. 31, Santiago de Chile, April 1987.

Even when State entrepreneurial activity is minimized (or eliminated) and state economic policies seek to avoid distorting resource allocation as determined by the market, these very objectives imply coherent organized State action and, therefore, the need for planning.

3. In an unstable and less regulated situation, the requisite planning flexibility and complexity make decentralization imperative. The greater the market role in the economic system, the more decentralized the traders' decisions and, therefore, the greater the need for decentralized planning.
4. As macro-economic policies have a major impact on the principal branches of the economy, it is very important to harmonize the aims and measures of national and sectoral planning.
5. The planning process should be democratic and participatory with the technocratic and bureaucratic aspects rather muted. This means the inclusion of participatory mechanisms not only at the levels of central and regional political representation, but also within the planning process itself. Such participation is an essential component of decentralized planning which should exist throughout the planning process and at every level, from the national down to the local.

## II. THE MEANING OF DECENTRALIZED AGRICULTURAL PLANNING

There is clearly an interest in decentralized planning in Latin America and other developing countries, particularly with regard to agricultural and rural development. Since the 1970s, various countries in the region have been adopting more or less decentralized global, and, particularly, rural and agricultural, planning structures. Given the crisis of traditional planning concepts and the need to review the institutional structures of State intervention in the rural sector, decentralization would appear to answer the following objectives:

- promote rural development through the rationalization of Government intervention in the agricultural sector;
- better accommodate local realities and needs;
- improve coordination of public action at the various organizational and geographical levels through the orderly disaggregation of the various agricultural planning activities;
- increase the positive impacts of programmes and projects through a greater awareness of the potentials and drawbacks of the regions and localities;
- reinforce the local political institutions and to increase social-group participation in the development process;
- promote the mobilization of local resources and potentials;
- encourage the organization of small farmers and the development of farmer-implemented and directed support services (marketing, irrigation management, input supply, credit, etc.).

The decentralization of planning is an institutional attempt to redistribute decision-making in the policy planning and implementation process. Thus, decentralization essentially means wider participation in decision-making, which can only take place in an institutional context of dialogue and consensus between the Government and the social groups.

Such a definition may seem too broad. But in fact, given the extreme centralization which has been a constant feature of Latin American nations and the concentration of government institutions in a limited number of major cities, all efforts to rectify this situation entail decentralization. Efforts have varied from one country to another in terms of nature, intensity, scope and execution. The various possible forms of decentralization, therefore, need to be more clearly defined.

Firstly, a distinction must be made between two dimensions of the decentralization concept: the one institutional, the other geographical. Also, we should note that decentralization can apply to various areas: planning, finance, administration and participation.

A. The institutional dimension

The institutional dimension refers to the nature of the bodies involved in the transfer of responsibilities. There are various possibilities:

- Functions transferred or delegated to lower-level units within the same agency. For example, when a Director-General assigns some of his/her hitherto exclusive responsibilities to the Heads of Department.
- Functions transferred to other independent public bodies, which have their own legal status and are not connected to the previous agency. For example, transfer of functions of a Ministry to a State enterprise or independent institute, or Central Government functions transferred to State or Regional Governments.
- Functions transferred to non-governmental bodies. These may be civil enterprises or associations, which may, in turn, be: farmers' associations, technical assistance organizations, etc. In this case, the decentralization does not take place within the public sector but, rather, implies a transfer of functions to the private sector.

B. The spatial dimension

This dimension of the decentralization concept refers to the break-up of the territorial coverage of specific Government functions.

Hitherto centralized functions covering the whole country may be broken down into separate actions in specific sub-national areas at level one (for example, federal States or large regional areas), level two (for example, municipalities), at the micro-regional level, in specific project areas and even in areas occupied by particular production units. The spatial dimension of decentralization comes into play when functions are decentralized towards smaller geographical areas.

C. Decentralization areas

FAO <sup>1/</sup> distinguishes between four areas of the decentralized planning process:

- administration and organization;
- finance;
- planning activities;
- people's participation.

The higher the number of areas involved, the greater the development of the decentralization process. The first area refers to the Central

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<sup>1/</sup> FAO, Training for decentralized planning: Lessons from experience. Rome, 1987.

Government's efforts to create an institutional base for local or regional planning: the creation of regional planning offices, the transfer of highly qualified staff to the local level, the allocation of authority to local officials to supervise the regional planning offices, etc.

Finance in decentralized planning concerns the level of budgetary independence in regional Government planning agencies. Besides the annual transfer of Central Government resources through ordinary budget allocations, this also includes the existence of independent funds within each region, not available to the Central Government and not tied to specific targets or forms of expenditure, which enable each region to meet its local planning needs.

Actual planning activities concern the extent to which planning responsibilities have delegated to lower echelons. National and sub-national level responsibilities should be clear and the local levels should have a say in setting regional targets, including the site and schedule of the programmes and projects which concern them. The local authorities should also be able to conduct certain monitoring and evaluation activities.

People's participation may be totally absent. At the opposite extreme, people may be fully integrated throughout the planning process and at each level of the system. The degree of participation will, naturally, be largely determined by the prevailing political system, and will also depend on the general level of social participation in the country and in each of its regions. Participation may only be envisaged at the maximum regional legislative bodies or similar political institutions, or it may extend to lower levels through other participatory mechanism: beneficiary committees, commissions involved in the management of local programmes and plans, etc.

#### D. Types of decentralized planning

The nature of a given decentralized planning process is determined by a combination of its institutional and spatial dimensions and the level of development of the four previously identified areas. The combination of the two dimensions produces various types of decentralization (see diagram) which can be applied to any of the above-mentioned areas.

The vertical axis indicates the institution to assume planning functions, and the horizontal axis the extent of its geographical jurisdiction. Clearly, only certain combinations are feasible.

The transfer of functions to sub-units within the central government itself (first line of the diagram) is not very radical form of decentralization, even when this involves geographical dispersal towards distant decision-making centres. A more apt term would be delegation or deconcentration. In practice, this occurs with large regions, though functions may in turn be sub-delegated to smaller local offices.

The transfer of planning responsibilities to bodies linked to the central government but with their own legal status (public enterprises, independent institutions, etc. on the second line of the diagram), represents a genuine organizational decentralization process. It does not necessarily involve geographical deconcentration as the decision-making centres may remain in the national capital and the area affected may continue to be the whole national territory.

DECENTRALIZATION MODALITIES ACCORDING TO THE TYPE OF INSTITUTION ASSUMING NEW FUNCTIONS				
GEOGRAPHICAL JURISDICTION(*)				
TYPES OF INSTITUTION	Macro-regions	Micro-regions	Project areas	Productions units
Central Government sub-unit	X			
Central Government independent body	X	X	X	
Autonomous governments	X	X	X	
Non-governmental bodies			X	X
(*) The denominations of the levels are purely illustrative and may differ in specific countries. They may or may not correspond to the politico-administrative demarcation of the country (States, Provinces, Municipalities, etc.)				

The transfer to autonomous sub-national governments (e.g. States, Regions, Departments or Municipalities - third line), signifies that the Central Government renounces, or formally abstains from, jurisdiction over specific matters, which are reassigned to a regional or municipal authority. Both this and the previous form of decentralization may involve large regions, micro-regions or project areas.

The transfer of planning functions to non-governmental bodies (fourth line) may also involve the decision to transfer planning responsibility directly to the private production units (perhaps in conjunction with the radical privatization of State enterprises). It also includes the transfer of planning functions to grass-roots social organizations or non-governmental social welfare bodies. This form of decentralization normally only applies to project areas or specific production units.

A central government institution, for example a Ministry of Agriculture, creates lower-echelon offices for specific functions: this can be referred to as administrative deconcentration or delegation. A national redistribution of ministerial bodies to bolster regional presence is a geographical deconcentration. This has occurred in most ministries of agriculture in the region. However, this process does not constitute genuine decentralization when these offices remain strictly dependent on the central office and lack administrative and financial autonomy.

Strictly speaking, decentralization usually implies the transfer of functions to public agencies that do not depend directly on the central government and that possess their own budget, legal status and procedural rules. In terms of mere delegation or deconcentration, decentralization is clearly a more advanced stage of the same process: the transfer of decision-making authority to a greater number of persons, institutions and groups.

With this interpretation, decentralization may or may not have a geographical connotation. Agriculture-sector decentralized enterprises and bodies, with juridical and financial independence, have been established in Latin America during recent decades, and assigned activities that require a certain degree of planning. Such bodies include research and extension institutes, market or funding support agencies, commodity output planning and promotion institutes and agrarian reform agencies. According to the cited FAO study, this form of decentralization can be referred to as delegation. <sup>1/</sup>

We can refer to geographical or territorial decentralization when functions and authority are transferred to juridically independent government agencies, at lower echelons of the political structure, with responsibilities over specific geographical areas of the national territory.

The concept of decentralization does not usually cover the transfer of functions to the private sector (usually referred to as "privatization"), particularly when this involves the transfer of profit-earning entrepreneurial activities. Besides the privatization of State entrepreneurial activity,

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<sup>1/</sup> FAO. Training for Decentralized Planning. Lessons from experience, Rome, 1987.

another frequent process is the transfer of previous Government functions to non-governmental institutions, preferably to rural organizations, peasant associations, non-governmental technical assistance organizations and support activities, such as those for marketing, credit management, etc.

The performance of these functions by non-governmental organizations follows pre-established programmes of work coordinated with Government agencies. This undoubtedly represents a significant advance in the democratization of planning. However, it is not usually considered part of the decentralization process, in the strict sense of the term.

Another important dimension is the degree of spatial and institutional disaggregation, which is measured along the horizontal axis of the diagram. Decentralization often reaches the first politico-administrative level (for example, from the central level to the larger territorial units such as the States or Regions) but it rarely reaches the lower levels (municipalities, micro-regions, rural development projects, peasant communities, etc.).

The more planning functions assigned to local levels, the greater the advance in the decentralization process. Obviously, the reassignment of responsibilities would have little import unless accompanied by a decentralization of resources. This includes planning office operation and investment funds, which would be controlled by the planning process.

Finally, therefore, the planning decentralization process represents the transfer of planning functions to legally autonomous public agencies with a more restricted territorial jurisdiction. It also involves steady development of the institutional, financial, methodological and participatory features inherent in a decentralized planning system.



### III. THE DECENTRALIZATION OF AGRICULTURAL PLANNING SYSTEMS IN FOUR LATIN AMERICAN COUNTRIES

#### A. BRAZIL

##### 1. Background of the national planning system

The national planning system dates from Decree Law No. 200, of 25 February 1967, which introduced far reaching administrative reform. Its general principles and rules still prevail. The central body of the system is the General Secretariat (Undersecretariat) of the Secretariat of Planning (SEPLAN). The sectoral bodies comprise the General Secretariats of the Sectoral Ministries and the sectional bodies include all those of the Indirect Federal Administration involved in planning and budget, and administrative modernization. The top-level decision-making body is the Economic and Social Development Council, which, alongside the SEPLAN, is directly answerable to the President of the Republic.

The National Development Plans (NDP) have to be formulated at the beginning of each period of government and submitted to the National Congress during the first six months of the presidential term of office. However, their implementation is not obligatory and the plans have often merely been a bureaucratic formality.

During the boom period of the so-called Brazilian "economic miracle" (1971-1974), the role of planning was little more than decorative. With the impact of the economic crisis and a change in Government thinking in 1974, planning experienced a golden age which coincided with the formulation of the Second National Development Plan (II NDP) of 1975-78 and the initial stages of its implementation. A new change occurred with the III NDP (1980-85), when a greater emphasis on short-term economic policy considerably reduced the importance of planning.

Greater attention to medium-term planning was possible during the brief period of stability that followed the economic reform of 1986. This led to the formulation and publication of the Plan of Objectives. However, the subsequent resurgence of economic instability resulted in political and economic concentration on the management of short-term problems. Today, fifteen years after II NDP, Brazilian planning is undergoing a relatively serious crisis, despite the fact that there is still an intricate federal planning system with reasonable technical capacity to formulate and a lead body with the authority and means to plan.

There has been a general lack of explicit objectives, proper coordination among the instruments of economic policy, continuity, social participation and the essential political will to enhance and extend the use of planning. Furthermore, throughout the long period of political transition that took place during the 1980s, the Brazilian planning system was unable to shed certain features it inherited from the period of authoritarian government (for example, there was no social participation in the global development plan and programme formulation process). Nor did it manage to reconcile its short, medium and long-term management activities.

## 2. Description of the agricultural planning system

The "National Agricultural Planning System" (SNPA) was established as such in 1975, though it derived from an earlier process that had ended some years later. According to the initial ideal, SNPA would comprise entities with national, regional and state jurisdiction; there would be vertical coordination between the three levels and horizontal coordination within each level.

The national entities were the Secretariat of Planning (SEPLAN) as the central global planning body. It acted through the Agricultural Unit of the IPLAN/IPEA (Economic and Social Planning Institute). The General Secretariat of the Ministry of Agriculture acted as the central sectoral planning body. The Secretariat of Agricultural Planning (SUPLAN) of the General Secretariat functioned as the SNPA central coordinating body. SNPA Regional Units were to operate within the Regional Development Superintendencies. At the State level, the system comprised the Agricultural Secretariats of the State Governments as State agricultural development promotion bodies, and the State Commissions for Agricultural Planning (CEPAS), as State agricultural planning coordinating bodies.

Horizontally, the national entities were to liaise with the other Ministries associated with the agricultural sector and with the direct and indirect administrative bodies of the Ministry of Agriculture. These included State enterprises, companies, institutes and superintendencies with specific roles in the implementation of different functions or aspects of agricultural development, such as the generation and transfer of technology, commodity marketing and storage, output purchase, etc., or in the promotion and development of sub-sectors, such as forest production or fisheries.

The implementation and coordination functions of the system were to be executed by two collegiate bodies: the Interministerial Coordinating Committee (set up in 1975) and the Council for System Coordination (CSNPA), established within the SUPLAN in 1978.

The initial system never reached the operational stage. In 1982 the SUPLAN lost most of its terms of reference as a characteristic planning office and found itself restricted to baseline studies for sectoral development and implementation. Similarly, the CSNPA was deprived of its main systems coordination function. In practice, the CEPAS do not act as a body of the SNPA, but rather as provincial offices with powers and functions that vary from one State to another. As the SNPA has been virtually paralysed for a number of years, there is little sense in describing its present role.

The SNPA extended its territorial coverage but failed to coordinate with the other institutions that already existed in the agricultural public sector. This was due to a tendency to establish new bodies instead of collaborating - and therefore sharing influence and authority - with other institutions.

Similarly, vertical coordination was undermined by the restructuring of the General Secretariat of the Ministry of Agriculture in 1982. The fact that SUPLAN was deprived of its budget programming and plan and programme monitoring and evaluation functions, and that certain instruments such as the short-term plans were withdrawn, invalidated the permanent relationship

between the decentralized planning units and the SUPLAN, and rendered the latter powerless to influence the annual programming of the indirect administrative agencies.

The only relations that continue to exist are those with the CEPAS as the Executive Secretariat of the CSNPA continues to function within the SUPLAN where it serves to channel federal government resources. The relations are financial and do not involve concerted planning actions.

Even within the Ministry of Agriculture, the SUPLAN, and therefore the SNPA, have remained totally excluded both from decision-making (short-term and structural) and from determining the major sectoral investment projects. The economic policy advisory functions for the Ministry are mainly carried out by the CAE (Economic Coordinating Body), which is responsible for the design and monitoring of short-term policy. This body has developed its own economic studies and research or relied on the support of agencies such as the Production Funding Company (CFP), with their own economic research teams, to advise the Minister during discussions with the National Monetary Council, Ministry of Finance, SEPLAN, etc.

SNPA relations with the central planning agency have always been irregular. Ties are re-established between IPLAN/IPEA, SUPLAN and the rest of the system when the national development plans are being formulated. Otherwise, given the limited use of the planning apparatus, relations are minimal or non-existent.

Another important issue is the relationship between the planning system and budget programming. The creation of the Budget and Finance Programming Secretariat (SEPLO) within the Ministry of Agriculture in 1982 produced a rift between the planning and budget systems. Budget formulation became an annual procedure totally disconnected from the planning process: it even failed to include any monitoring of the programmed actions and appraisal of their implementation.

The Ministry of Agriculture has lost considerable decision-making authority on agricultural matters for two reasons. Firstly the Ministerial structure has become increasingly complex and unwieldy. Concurrently, the indirect administration State enterprises have acquired greater influence and effective power, thereby undermining the Ministry's jurisdiction and authority over coordination. Secondly, an ever greater number of public institutions have been involved in the agricultural sector. Thus, the SEPLAN, the Ministry of Finance and even the Ministry of the Interior have managed to acquire jurisdiction over sectoral matters hitherto covered by the Ministry of Agriculture.

### 3. The decentralization of agricultural planning

The diversification of the planning agencies and the establishment of geographically decentralized units date from the pre-1960s. During the late 1960s and the early 1970s, the Ministry of Agriculture appointed a number of State enterprises, companies, institutes and superintendencies to see to the various functions or aspects of agricultural development. These bodies set up their own planning units, with no formal and permanent links to the "Escritorio Central de Planificacao e Controle" (ECEPLAN). At the beginning of the 1970, the decentralized institutions increased their effective power

and independence in relation to the Ministries, on account of the considerable resources they controlled and the operations they conducted. Thus, the decentralized bodies already possessed a high degree of independence when the SUPLAN and the SNPA were instituted, and the linkages between their planning units and SUPLAN were never fully formalized.

From 1969, the Superintendency for the Development of the Northeast Region (SUDENE) collaborated, with advisory assistance from FAO, in the establishment of "State Commission for Agricultural Planning" (CEPAs), with a view to decentralizing agricultural planning in the region. From 1971, this experience in the Northeast was evaluated by the Ministry of Agriculture, again with FAO advisory assistance. In mid-1974, the SUPLAN was reorganized to become the central unit of the future system. Subsequently, the CEPAs, already operating in all the northeastern States, were gradually introduced throughout the country. The process was completed in 1978, with agricultural planning units operating in every State, in addition to four Regional Supervisory Units, established by the Regional Development Superintendencies. The CEPAs were, for the most part, created as SNPA bodies and always depended financially on the SUPLAN.

In line with the restructuring of the General Secretariat of the Ministry of Agriculture in October 1982, the SUPLAN comprised three coordination components: Sectoral Baseline Studies, Agricultural Statistics, and Plan and Programme Analysis. It also included the Executive Secretariat of the SNPA Council for Coordination.

The internal organizational structure of the CEPAs has varied considerably over time, each one evolving according to its importance and influence within the State public sector.

Virtually all the CEPAs have a Technico-Administrative Council and a Fiscal Council, under the supervision of a Secretariat or an Executive Board. Almost all of them comprise technical units responsible for Statistics, Studies, Planning or Programming and Trend Monitoring and Analysis, in addition to an Administrative and Financial Division. They may also include a Special Programmes and Projects Coordinating body, when the CEPA is involved in the formulation or implementation of such efforts.

Alongside the creation of the SNPA and the consolidation of the commodity - and function-specific decentralized bodies, in which the SUPLAN played no role, the Federal Government set up "Special Programmes", in the early 1970s, to promote the development of deprived or strategic regions. Though these became important decentralized agricultural planning units, they were never linked to the SNPA. The Integrated Rural Development Programmes form part of the "Regional Development Special Programmes" which are under the operational jurisdiction of the Ministry of the Interior.

An ad hoc mechanism, the "Special Programmes General Coordinating Body", was established within the General Secretariat of the Ministry of Agriculture to enable it to participate in the programmes. The SUPLAN has never been involved in the formulation of these programmes, but the CEPAs have played an essential role in the preparation of State-level specific projects and have often had responsibilities in their implementation.

In addition, the Ministry of Agriculture has its own "Special Programmes" (Proceder, Provárzeas, Profir, etc.), were, again, the SUPLAN has been excluded from the formulation and implementation.

The Ministry of Reform and Rural Development (MIRAD) was established in 1985 and the National Institute for land Settlement and Agrarian Reform, formerly under the Ministry of Agriculture, was placed under its aegis.

With regard to decentralization, SNPA was to operate through a dual vertical and horizontal coordination process. Vertical coordination would cover the spatial dimension, by linking the national level with the regional and the regional with the State. Horizontal coordination would be ensured, at each level, by all the other Agricultural Public Sector bodies. The cohesive feature of the SNPA was to be the use of the planning instruments by all the system's components.

A number of problems had already emerged at the time of a 1977 evaluation. Many of the Agricultural Public Sector bodies were not linked to the Ministry of Agriculture; the federal body State agencies lacked sufficient autonomy to coordinate with the CEPAs; liaison between the components of the horizontal processes was inordinately time-consuming. The SNPA Council for Coordination was established in 1978 with the original purpose of coordinating the planning processes between SUPLAN and the regional and State units and also with the remaining agricultural public sector institutions at the national, regional and State levels. This indicated a clear change in the conception of the SNPA.

As mentioned, formal ties between SUPLAN/SNPA and the other agricultural public sector institutions have always been difficult to establish. They are virtually non-existent and unnecessary, now given the absence of planning. Moreover, SUPLAN's current subordinate status within the General Secretariat of the Ministry of Agriculture undermines any effort to become the central coordinating body.

Unlike now, SNPA was particularly dynamic during its early years. During the consolidation of the decentralized structure and the creation of CEPAs in all the States and territories, all units began to activate the planning process, through the use of the basic instruments (plans, projects, estimates, analyses, etc.), as cohesive components of the SNPA.

During 1976-79, SNPA proved to be highly effective in formulating various short-term planning instruments. It drew up, for example, reports on the agricultural situation, the Annual Plans for Output and Supply (PAPAs) and the Annual Plans for the Agricultural Public Sector (PASPAGs). The PAPAs set out, before each new agricultural year, to provide a quantitative framework of the main variables affecting output and supply; to forecast supply trends for the major consumer centres; to identify export surpluses and import needs; to serve in an indicative capacity for the private sector with regard to input needs, credit, storage, etc.; and, finally, to propose policy measures to facilitate the achievement of the output targets.

The PASPAGs set out to review the structure of Agricultural Public Sector expenditures at the national, regional and State levels, and assess their compliance with agricultural policy objectives.

The formulation of these instruments reinforced the SNPA and enabled it to function in its own right, during its early years, through the two-way flow of directives and information. The PAPAs prepared by the CEPAS were initially consolidated at the regional level by the Regional Units and, subsequently, at the national level by the SUPLAN. The same occurred for the PASPAGs.

Besides the preparation of PAPAs and PASPAGs, the CEPAS performed a variety of other tasks; baseline and analytical studies on particular areas or commodities, federally and state-commissioned; participation in the formulation of the State development plans; and the formulation of investment and agricultural or rural development programmes and projects. When the PAPAs and the PASPAGs were deactivated, the so-called "Acompañamiento Coyuntural" ("Trend Monitoring") of the State agricultural situation was prepared until 1982, and this again was consolidated at the national level by SUPLAN. Thereafter, the CEPAS were free to prepare their own documentation on agricultural trends. Most did so as the work was in great demand both within and outside the State agricultural public sector, and represented an additional acknowledgement of their role.

The CEPAS were also involved in the formulation of the medium-term State plans. Subsequently, the planning "crisis" was also felt at the State level and the preparation of development plans was reduced. In 1983, at the beginning of a new period of State Governments, the majority of the CEPAS prepared sectoral analyses, but only a handful formulated medium-term plans.

However, the most noteworthy activity of many of the CEPAS was the preparation and administration of the Integrated Rural Development Programmes (IRDPs). The formulation of programmes and projects had already been a relatively important activity for many CEPAS, principally in the Northeast, during the period of the PAPAs and PASPAGs, but after their deactivation and the initiation of the integrated projects, this activity became even more important. So much so, in fact, that the development of the CEPAS has varied considerably depending on their involvement or not in the formulation and implementation of the IRDPs. CEPAS involved in these activities have been considerably reinforced and their survival guaranteed (regardless of the evolution of the SNPA).

Implementation of the global instruments presents a very different picture. They were never, in fact, effectively used as tools to orient decision-making. The implementation of global agricultural development plans and programmes, including the definition of objectives, and of sub-sectoral, regional and local priorities, with different incentives to achieve these priorities, the identification of institutional responsibilities and the allocation of financial and material resources, is practically unknown in Brazil. 1/

The effectiveness of the SNPA has been compromised from the outset by the fact that implementation of the decentralized planning concept had to operate in the context of heavily centralized federal political and economic power. The federal context made no allowance for social participation.

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1/ Castro de Arezzo, D., Ferreira, F.L., Vera Wall, M.B.: "Política Económica e Planejamento Agrícola". Paper submitted at the "XX Congresso Brasileiro de Economia e Sociologia Rural". Curitiba, Brazil, July 1982, page 8.

Only recently have efforts been made to institutionalize social participation in the agricultural and rural development policy and option definition processes. Some States have closer links with beneficiary groups, trade associations, etc., but these have not been formally sanctioned at the agricultural planning unit level. A number of permanent communication channels are being opened with the farmers within certain bodies of the indirect administration. For example, the EMBRATER and its affiliated enterprises have already introduced a participatory planning structure for the annual programming of its activities. This starts at the local level, where farmer expectations are given voice in community meetings, and then consolidated at municipal level, etc. EMBRAPA and COBAL have also conducted meetings with farmers and trade associations.

Outside the context of the Ministry of Agriculture, the formulation stage of certain rural development projects has sought to promote social participation in the discussion of certain related components, but this has only been moderately successful.

The degree of autonomy of the decentralized components of the system can be determined by asking how much autonomy the decentralized units have had with regard to planning decision-making, and how much budgetary autonomy there has been at the various echelons.

As to the first, when the system was booming, planning instrument decisions were largely made at the central level. In the formulation of the PAPAs, for example, State production targets were only defined after a global production target had been determined and each State's approximate contribution quota had been set at the central level. There was, therefore, an element of contradiction, given that the system set out to operate in a decentralized manner.

This does not apply, of course, to the formulation of State and regional development plans, as the Central Government does not intervene. When CEPAs are involved in the formulation of the State plans or collaborate with the regional body, they do so independently of SUPLAN.

Therefore, at the State level, the CEPA performs its activities without any interference from the federal body. The only condition is that it respect certain operational guidelines agreed throughout the SNPA, or directly between SUPLAN and each CEPA. This degree of independence has been achieved through the lack of leadership in SUPLAN and the absence of common system operational guidelines which have recently characterized the SNPA. However, if it were to resume the number of activities it conducted during its early years, the existence of the Council for Coordination, as it is presently formed, would mean that the operational guidelines would be discussed at the State level or at regional-level meetings. There would be no top-down imposition as occurred during the early periods.

With regard to budgetary independence, financial assistance from the Ministry of Agriculture - channelled through SUPLAN - was essential during the CEPA introductory period as it covered a substantial part of the operational costs. The situation has gradually changed and the Ministry of Agriculture currently accounts for between 10 and 15 percent of the CEPA annual budgets. The remaining resources largely come from the State itself and the "Special

Programmes". The "institutionalization" of the CEPAs as foundations or institutes within the State agricultural public sector should guarantee them budgetary autonomy in their respective States.

Some critics have noted that this independence is more theoretical than real, given the general prevalence of State budget restrictions and the fact that the resources to be allocated to their activities in each State are decided at central level by the indirect administrative bodies. Until such time as the units of the Brazilian federation are granted greater political and financial autonomy, there will be no true decentralization and SNPA operations at the State level will be hampered.

One of the major challenges facing the Brazilian planning system in the immediate future is precisely the creation of effective social participation channels as a means of legitimizing its proposals, and, at the same time, producing a greater and more effective level of operational decentralization.



## B. COLOMBIA

### 1. Background of the national planning system

Planning was institutionalized in Colombia in 1958, with Law No. 19 which established the National Planning and Technical Services Department and the Economic Policy Council. At present, the main advisory agency for economic and social development is the National Economic and Social Policy Council (CONPES), under the direct supervision of the President of the Republic. Its members include the relevant Ministers and the heads of National Planning Department (DNP). The DNP acts as the CONPES Executive Office.

Though an institutional planning framework was introduced relatively early (compared to other countries in the region), subsequent progress was modest. The constitutional reform of 1968 established specialized planning offices in ministries and decentralized institutes, as well as in the departments, municipalities and regions. The CONPES was reinforced with the inclusion of the Ministries of Finance, External Relations, Public Works, Development, Labour and Agriculture. At the same time, the new National Planning Department was appointed to act as its Executive Office. Efforts were subsequently made to involve Congress in the discussion and approval of Development Plans. Finally, Law 38, which is still in force, was approved in 1981 to refine the system by establishing the institutional bases for coordination with the private sector. This Law significantly changed budget management, for it specified that treasury and budget implementation policy would give preference to the priorities of the Plan.

The new law established the DNP and the CONPES as the national planning governmental agencies. The Head of the DNP is required to submit the Development Plan to Congress during the first 100 days of each Government's term of office. There is a "Plan Standing Commission" within Congress for the preliminary discussion of the draft development plans and programmes and for implementation/monitoring.

Law 38 establishes a complex formulation mechanism, for the draft plan, which precedes its submission to Congress. Firstly, the President of the Republic and CONPES indicate the general guidelines and criteria; then, on the basis of these, the DNP initiates the work coordination, requesting sectoral reports and analyses from the ministries and from each Departmental Planning Council (Colombia is divided into 23 departments); at the same time, it discusses existing fiscal and financial restrictions with the Ministry of Finance and review the situation with the Economic Analysis and Coordination Commission. It then prepares the General Document on "Coordination of Economic Policy and Development Objectives", which is submitted to CONPES. This document, once approved, serves as a guide for the formulation of sectoral plans and policies which the DNP coordinates and submits anew to the CONPES before the Planning Bill proceeds to Congress.

The Colombian legislative framework does not explicitly establish a national planning system though in practice this exists. Indeed, Law 38 and previous decrees clearly define relations between its components and the procedures for Plan formulation. Each Ministry has a Planning Office which liaises at the sectoral level with the planning bodies of the Public Superintendencies and Establishments. Similarly, at the territorial level,

each Department has a Planning Office, as do several municipalities and districts. The law also provides for coordination and alignment of national, regional, 1/ district, metropolitan and municipal planning.

Private sector participation in the planning system is formalized through its membership on the Economic Analysis and Coordination Commission. This Commission, which is coordinated by the Head of the DNP, is made up of six Ministers, the Presidential Economic Secretary and two Monetary Board advisers (for the public sector) and of four representatives of the entrepreneurial sector and four representatives of the urban and rural workers' trade unions (for the private sector). It also includes the dean of an economics faculty or the director of an economic research centre. The President of the Republic may set up other sectoral Coordination Commissions to participate in Plan formulation.

At the institutional level, therefore, sufficient mechanisms exist in Colombia to guarantee extensive participation in the preparation of the development plans, both inside and outside the public sector. As will be seen later, however, this does not guarantee the quality of the formulation nor the effective implementation of the planned policy. In fact, the proposed objectives and goals are not adequately achieved and the measures implemented bear little relation to those established in the plans.

As a result, planning has recently been somewhat modified. There is less emphasis on general planning and greater focus on specific sectoral programmes.

## **2. Description of the agricultural planning system**

Officially, Colombia does not possess an agricultural planning system and, strictly speaking, the various agencies involved in agricultural planning cannot be said to constitute a "system", as their operations are not sufficiently linked and integrated. However, for reasons of convenience the concept can be loosely interpreted as how agricultural institutions interrelate to promote agricultural and rural development. 2/

Thus, the Colombian agricultural planning, in so far as it exists, is headed, within the Central Government, by the Agrarian Studies Unit of the National Planning Department (DNP) and the Agricultural Sector Planning Office (OPSA) of the Ministry of Agriculture (MINAGRI). The agencies attached or linked to the Ministry of Agriculture also have planning offices (together these constitute the Agricultural Public sector). The most important are the Colombian Agricultural Institute (ICA), which is responsible for technology generation and transfer; the Instituto Colombiano de la Reforma Agraria

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1/ In Colombia the term regional is used very loosely and often means "departmental", as in this case.

2/ See the new framework Law on MINAGRI organization (1989).

(Colombian Agrarian Reform Institute) (INCORA); the Instituto Nacional de los Recursos Naturales Renovables y del Ambiente (National Institute of Renewable Natural Resources and the Environment) (INDERENA); the Instituto Colombiano de Hidrología, Meteorología y Adecuación de Tierras (the Colombian Institute of Water Resources, Meteorology and Land Reclamation) (HIMAT); the Banco Cafetero (Coffee Growers' Bank); the Instituto de Mercadeo Agropecuario (Agricultural Marketing Institute) (IDEMA); the Caja Agraria (Agrarian Fund), etc. Recently the Integrated Rural Development Programme (IRD), which was previously under the responsibility of the DNP, has become directly attached to the Ministry.

The IRD Programme, which has its own institutional identity (IRD Fund), and the Programa Nacional de Rehabilitación (National Rehabilitation Programme) (PNR) are the two most important State bodies involved in rural development planning in Colombia. The IRD was initially managed by the DNP but later consolidated as a standing mechanism attached to the Ministry of Agriculture. The PNR, operates as a regional development programme rather than a rural development agency to channel State activities to strengthen road, social, credit and marketing infrastructures in remote areas with serious problems of rural violence of absolute poverty.

There are also collegiate bodies with agricultural planning functions and responsibilities, such as the Consejo Asesor de la Política Agropecuaria (Agricultural Policy Advisory Council) and the Comité de Coordinación Ejecutiva (Implementation Coordination Committee), which are both under the supervision of the MINAGRI.

The departmental agricultural planning agencies are the Unidades Regionales de Planificación Agropecuaria (Agricultural Planning Regional Units) (URPA), which are institutionally linked to the Agricultural Secretariats or to the Planning Office of the departmental Governments. The autonomous regional corporations should also be noted, as should the collegiate departmental agricultural development committees.

As for the functions of the above agencies, the Agrarian Studies Unit of the DNP is ultimately responsible for formulating the Sectoral Development Plan. However, current legislation is unclear in this regard, as each Ministry is required to prepare a sectoral development plan through its Planning Office, for submission to the DNP. In practice, the DNP serves to centralize formulation.

The statutory functions assigned to the OPSA include: preparing agricultural development programmes and projects and evaluating their implementation; advising the Agricultural Sector agencies in programme and project formulation; drawing up the MINAGRI annual budget and reviewing the agencies' budget proposals; and acting as the Technical Secretariat of the Implementation Coordination Committee and of the Agricultural Policy Advisory Council.

The above-mentioned collegiate bodies have the final say on sectoral plans and programmes. Though both are headed by the Minister, the Advisory Council also comprises the directors of various agencies attached or linked to the Ministry of Agriculture (the most important), a DNP representative, as well as private sector representatives (two from the peasant associations and six from the entrepreneurial organizations), whilst the Implementation Coordination Committee comprises the directors of all the attached or

associated agencies and a DNP representative. The latter appears to meet fairly regularly, in contrast to the Advisory Council.

It should be noted that the OPSA does not direct either of these bodies. On the contrary, it plays a subordinate role, which has undermined its leadership in sectoral planning.

At the departmental level, the functions of the URPAs vary somewhat and are often poorly defined, which is understandable given that many are only initiating operations. In general terms, the URPAs are responsible for (in line with the guidelines of the Ministry of Agriculture and the Departmental Government) activities involving statistical data, planning, projects, natural resources, zoning, programming and agricultural budget, which means for example, that they are required to compile, systematize and upgrade agricultural statistical data; prepare analyses, medium and long-term plans, annual operations and budgetary programmes for the department; follow up agricultural plans, projects and policies, etc. They also advise the Departmental Government.

The lack of a formal system definition means that there is no institutionalization of agency relations. However, the regulatory framework indicates the linkages that should exist in the planning process.

As indicated, the Ministry of Agriculture was to initiate the medium-term sectoral plan and its related programmes, whilst the OPSA was to direct the preparation, once the respective guidelines had been received from the DNP. The subsequent formation of the two collegiate bodies altered this procedure, as the Implementation Coordination Committee was to be responsible for analysing the "agricultural development programme" for submission to the Advisory Council, which would then revise, appraise and amend them. The OPSA was consequently relegated to a subordinate position.

This, coupled with the autonomy acquired by the institutes attached and linked to the Ministry of Agriculture, and their direct line to the DNP to negotiate their annual budgets, mean that OPSA plays a secondary role in the formulation of the sectoral plan and that the DNP Agrarian Studies Unit proceeds directly with its formulation, on the basis of inputs from the OPSA and the agencies.

With regard to the relationship between the planning system and budgetary programming, the regulatory framework provides for extensive Ministerial participation, one of OPSA's functions being to prepare the Ministry of Agriculture's annual budget and review the budget proposals of the sectoral agencies. However, this is somewhat undermined by the institutional weakness of the OPSA and the Ministry of Agriculture. In fact, the agencies negotiate their operating budget directly with the Ministry of Finance and their investment budget with the DNP. The OPSA has sought to regain a coordinating role at the Agricultural Public Sector level, and has created the Institutional Programming and Coordination Unit for this purpose.

The Ministry of Agriculture's weak leadership of the agricultural planning system is reflected in its inability to coordinate the powerful function-specific specialized agencies which enjoy considerable autonomy. The Ministry failed to play a leading role in the Agricultural Policy Advisory Council and in the Implementation Coordination Committee. It also played a

very modest role in the multi-sectoral fora where the more important economic policy decisions are made, such as the Junta Monetaria Nacional (National Monetary Board) and the National Economic and Social Policy Council (CONDES).

During the second half of the 1970s, OPSA formulated commodity-specific agricultural production programmes for a number of years, but this was subsequently abandoned. The annual operational programmes are prepared by the agency planning offices without OPSA participation, though these offices appear to devote most of their time and resources to drawing up their budgets. OPSA is only involved in the formulation of the Ministry's annual programme. Finally, it should be noted that, until recently, no updated agricultural sector analysis was available at the central level.

### 3. The decentralization of agricultural planning

In Colombia, as in other countries, functional decentralization preceded territorial decentralization. At the global level, "decentralization" of the Colombian public administration began to emerge after the Constitution Reform of 1968. At the sectoral level, the process gained impetus during the late 1960s and early 1970s, though a number of independent agencies had already existed before then.

As mentioned, there are now specialized public agencies (attached or linked to the Ministry of Agriculture) for technology generation and transfer, agrarian reform, environmental protection and soil conservation, water use and lands reclamation, commodity marketing, etc., as well as for integrated rural development, which points to satisfactory progress regarding the delegation of functions to parastatal agencies. Most of these have their own territorially decentralized structure, with a varying number of regional offices in the departments. Thus, INDERENA has 21 regional offices, INCORA 19, IDEMA 10, ICA 9, HIMAT 15, Agrarian Fund 6, the IRD Programme 18, etc.

Another basic feature of the planning decentralization process was the new multi-level institutions and their considerable functional and territorial overlapping. Autonomous regional corporations have existed since the 1950s, as has a departmental planning function. However, given the limited fiscal and administrative capacity of the departments, few departmental plans have been implemented. A number of reforms between 1978 and 1981 encouraged departmental participation in the national development plan through a departmental planning council and required each department to formulate its own plan. Thus, the first agricultural planning regional unit (URPA) was created in the Department of Cauca in 1978, somewhat along the lines of Brazilian spatial decentralization. Both countries received technical assistance from FAO.

Finally, a supra-departmental level was added to the institutional planning structure during the 1980s, with the development of frontier planning and planning regions. The former (Law 10/1983) occurred with the formulation of a "General Frontier Development Plan", which embraced the frontier areas of a number of departments and national territories and stipulated the need to direct 10 percent of public investment to these areas. The second change was more important as it divided the country into planning regions (Law 76/1985, Decrees 3081-86/1884): Atlantic Coast, Amazonia, Orinoquia, West and Central East. Each region is composed of a number of departments and is administered by a regional planning council (CORPES).

The territorial decentralization of agricultural planning was given a major boost in 1978 with the creation of the URPAs. These are made up of officials from the Ministry of Agriculture and from its attached bodies operating in the department, as well as officials from the Planning Offices and/or Secretariats for Agriculture or Promotion and Development at the departmental level. None of the URPAs have their own officials as they were all created through inter-agency agreements and generally lack their own resources (officials' salaries are excluded from any budgetary allotments). In addition to the Ministry of Agriculture and departmental government agreements, the departments have issued decrees and/or ordinances to sanction URPA existence at the departmental level. Nevertheless, the fragile URPA juridico-institutional base considerably hampers their stability in terms of technical assistance, material infrastructure and operational resources.

Most of the URPAs are at the initial stages of their development and are generally small in size with as yet under-qualified staff and a very simple organizational structure. The average URPA comprises 1 director, 6 technical staff and 2 administrative and support staff, which illustrates the relative simplicity of its organizational structure (the three URPAs with the largest staff have between 12 and 15 technical people).

By way of example, the Guajira URPA, has three technical sections: Agricultural Information and Statistics; Planning, Projects and Budget; and Zoning and Natural Resources. However, the internal organization of the units is generally highly flexible and the technical unit usually works together according to needs.

The URPAs are institutionally linked to the Agricultural Secretariats or to the departmental Planning Offices to which they are attached. They also maintain close ties with the Departmental Agricultural Development Committees, for which they often act as Technical Secretariats. The Director of the URPA may also be a member of the Committee. The URPAs have managed to revitalize and reactivate these Committees, which constitute the top-level departmental coordination unit for the related agricultural agencies and serve to channel all sectoral promotion and development actions. These Committees are chaired by the Governor and include the top-ranking authorities of the departmental agricultural public sector in addition to the University Rector and representatives from the private sector and the social groups: agricultural and livestock organizations, peasant associations, etc. The extent of their integration, and influence however, varies considerably from one department to another.

The practical outcome of the absence of a formal relationship between the URPAs and the central level is that linkage has developed through the international technical cooperation programmes. Thus, until 1986, URPA/central level liaison was primarily conducted through the regional technical adviser, an officer of the OPSA/FAO/UNDP technical assistance project. Each adviser dealt with two URPAs, and channelled technical assistance to the departmental unit.

In practice, the main institutional weakness of this tentative decentralized planning system was the lack of adequate linkage between the URPAs and the OPSA and the Ministry of Agriculture. Until 1986, no coordination and liaison unit (similar to the Brazilian SNPA Coordinating Council) had been centrally institutionalized to work with the URPAs and ensure a formal linkage and channel resources from the central to the departmental level through a permanent technical secretariat.

There was, however, a degree of URPA-OPSA linkage, which was generally based on joint tasks. The most important were the establishment of a sampling system to provide updated agricultural data and the formulation of departmental operational plans. No form of linkage existed between the URPA's and the National Planning Department, nor were there institutionalized mechanisms for the territorial bodies to participate in the preparation of the agricultural national plan.

The limited resources and efforts earmarked to train personnel in planning and development have also weakened the decentralization process in Colombia. Though some progress has been made in this connection the critical mass to reinforce the decentralization process has not been reached, nor have high-calibre personnel been transferred from headquarters to the departments.

The most outstanding achievement of the URPA's has been the formulation of departmental analyses and plans which serve as important bases for planning implementation, despite the statistical data limitations. However, these are undermined by the shortcomings of the agricultural planning system.

A further decentralization shortcoming is the virtual absence of URPA budgetary autonomy. Only URPA's that have been institutionalized through Departmental Ordinances have operating budgets, occasionally, funds for their administrative personnel. The renewal of the Agreements between the Ministry and the Departmental Governments (in 1984 and 1985) included annual allotments to cover a small part of their costs. In every case, the technical unit is funded by the agencies themselves. Some of the problems of the decentralized planning process were partly resolved during the 1980s. The Cadastral System was restructure with Law 14/1983 which provided for greater municipal participation in the collection of property taxes. Similarly, the Value Added Tax transfer system was reformed (Law 12/1986), with a greater municipal role in collecting VAT.

Regarding the agricultural sector, these reforms meant that the municipalities were henceforth required to provide technical assistance services, directly to smallholders and participation in the municipal development plans of the DRI. Likewise, Decree 77/1987 fomented the creation of agricultural assistance units within the municipal administrative structure.

The reform directly affected the rural extension and technical assistance services that were previously provided by the ICA and the INCORA, as well as the various production and marketing programmes of the IRD Fund. In the same context, the Centros Regionales de Extensión, Capacitación y Difusión Tecnológica (Regional Extension, Training and Technological Dissemination Centres) (CRECED) were established in 1984. There were 66 units in 1989, each covering an average of 16 municipalities.

The Sistema Nacional de Transferencia de Tecnología (National Technology Transfer System) (SINTAP) was established in 1989 to tighten links between the CRECEDs and Agricultural Assistance Unit activities. This system included all bodies attached to the Ministry of Agriculture, the National Training Service and the departmental Planning Secretariats. Other units were created during the same year to link the national and regional levels: the Consejo Nacional de Secretarías de Agricultura (National Council of Agricultural Secretariats) and the Consejos Seccionales de Desarrollo Agropecuario (Agricultural Development Sectional Councils), which were to supervise budget management in the departments and national territories.

Social participation legitimizes the planning process and renders the formulated plans and programmes more realistic and, therefore, more likely to be implemented. Social participation is more highly institutionalized in Colombia than in other countries, and even extends to rural participation. Various committees and commissions include entrepreneurial organization and peasant association representatives at both national and departmental levels. However, these instances of coordination with the private sector have not proved very effective and the decentralization experiment has not yet led to the direct beneficiary-group participation in the URPAs. The more important economic groups already had access and influence at the decision-making levels: the emerging agricultural planning decentralization process has not yet provided them with more attractive alternatives. Meanwhile, other groups have not managed to achieve active participation. Even assuming a high degree of social participation in the spatial decentralization process to be feasible, the likelihood of the planned policy being implemented will remain unchanged unless some autonomy is achieved at this level and more effective pressure can be brought to bear on the departmental governments.



C. MEXICO

1. Background of the national planning system

In contrast to other countries, the institutionalization of the Mexican planning system as such is a recent development. Though there were a number of planning initiatives dating back to the 1930s <sup>1/</sup> substantial changes were only introduced with the López Portillo government (1976-1982), with a major restructuring of the public administration. During his inaugural speech, López Portillo had indicated his intention to adopt planning as an instrument to rationalize public administrative and guide the economic and social development process.

The Programming and Budget Secretariat was then established, as were delegations of this and other important Secretariats in each federal State. Administrative Reform also led to the establishment of planning offices in all the State Secretariats. Planning committees (COPLADES) were created in 32 States. These coupled with the above-mentioned delegations, considerably strengthened State government authority to formulate, implement and evaluate plans, programmes and projects. This was a major step forward in the planning decentralization process.

The government of Miguel de la Madrid (1982-1988) continued to support and promote planning, focusing mainly on the creation of an appropriate juridical framework to institutionalize the process. In this connection, the National Constitution was reformed to give State economic action constitutional authority and so that planning activities would be considered in the same light. One of the stipulations of the reform was that the State should organize a democratic national development planning system. Important amongst the approved juridical instruments was the Planning Law of December 1982, which established the basic rules and principles for national development planning, the integration and functioning of the National Democratic Planning System, the ground work for planning coordination between the Federal Executive and the Federative Bodies; the bases to promote and guarantee the participation of social groups in plan and programme formulation, to foster a private sector contribution to planning.

It is important to note the federalist, decentralizing trend of official policy statements during this period. Strengthening the federal pact and municipal freedom of action were cited as ways to achieve balanced national development and enhance decentralization.

The "National Democratic Planning System" contained an ample component of social participation. Its institutional structure comprised the public administration, the agencies coordinating Federal, the State and the Municipal government, and the social group organizations involved in planning. The social participation orientation did not rule out consultation with the stronger and better organized entrepreneurial and economic groups, however.

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<sup>1/</sup> The Planning Framework Law was passed in 1930 and the first Six-Year Plan dates from 1934. The Economic Planning Federal Commission was established in 1942, whilst the Intersectoral Commission (to formulate development plans) was created during the 1970s, as was the Programming Commission (to ensure the fulfilment of the Social Economic Development Plan) under the responsibility of the Presidential Secretariat.

The Planning Law only regulates the Federal Public Administration. Each State government has jurisdiction over the formulation, evaluation and monitoring of State plans and programmes and may establish State planning systems. However, the national system provides technical and financial advice for the establishment of the State planning systems.

The greater concentration on planning at the beginning of Presidente de la Madrid's term of office was abruptly interrupted after 1984 because of the worsening economic crisis, the rising external debt and increasingly unfavourable terms of trade. A strict economic policy was introduced to limit public expenditure and to concentrate exclusively on controlling the monetary, exchange and fiscal variables.

Planning became secondary and plans and programmes were longer considered useful tools for decision-making. The subsequent budgetary cuts severely affected the public administration. There were staff cuts, and technical units were eliminated and offices closed or merged. This led to a serious lack of coordination in the public administration. The National Democratic Planning System was particularly affected, as growing budgetary difficulties generally resulted in the elimination or reduction of planning and support activities.

The new government of Salinas de Gortari, who assumed office in December 1988, endorsed the importance of planning. It called for a national development plan and sectoral plans. However, the continuing economic crisis and public austerity policy may well further weaken the public agencies involved in the planning process.

The new governmental thinking emphasizes the role of the State in guiding the economy and deemphasizes public sector involvement in production, which is to be left in private hands. This means that planning and plans are regulatory and indicative exercises, but not instruments as before.

## **2. Description of the agricultural planning system**

The institutionalization of agricultural planning began with the creation of the Secretariat of Agriculture and Water Resources (SARH) at the end of 1976, which resulted from the merger of the previous Secretariats for Agriculture and Water Resources. The new Secretariat comprised five sub-secretariats and two general coordination bodies, which, in practice, had the same hierarchical status: Planning, Agriculture, Livestock, Forestry and Wildlife and Hydraulic Infrastructures plus coordination of agroindustrial development and the parastatal enterprises.

The Planning Law stipulates that each "head of sector" (in this case the SARH) is responsible for formulating the sectoral programmes (the only one the Law refers to as a "plan" is the National Development Plan); coordinating the planning activities of the parastatal bodies; establishing the reference framework for institutional planning; and contributing, within its area of jurisdiction, towards the formulation of the National Development Plan. It should also ensure that the medium-term programmes are consistent with State government plans and programmes, and prepare annual operational programmes for the execution of the medium-term programmes.

Responsibility for agricultural planning was assigned to the Planning Under-secretariat, which was divided into four General Divisions: Planning, Studies, Budget and Administration, and National Meteorological Service. In turn, the General Planning Division established a series of Sub-divisions to deal with plan formulation, monitoring, evaluation, information, training and research.

The organization of the new Secretariat for Agriculture and the concomitant institutionalization of planning was to facilitate the adoption of a three-tiered planning process federal state and district. Linkages were established between the various bodies to make this possible. 1/ A two-way process was envisaged for both the horizontal and vertical dimensions of the system: the downward flow of indicative standards and goals followed by the upward flow of amendments and action proposals.

With this in mind, SARH Delegations were set up in every State, made up of a representative and five heads of programme (the Secretariat divides its work into five general operational programmes: planning, agriculture, livestock, forestry and hydraulic infrastructures). These were responsible for directing and monitoring the work of their staff in compliance with the orientations of each programme. A small-scale version of the SARH therefore existed in each State: a clear example of deconcentration.

The agricultural system also comprises various forms of parastatal enterprise and agency that reflect a decentralization process through "delegation". The most important enterprises are those dealing with agricultural research and the funding and marketing of major commodities such as coffee, tobacco and sugar.

SARH relations with the global units responsible for the planning and programming of public investment and expenditure are established through the Secretariat for Planning and Federal Budget (SPP). In theory both institutions should be responsible for formulating the sectoral budget, on the basis of the plans formulated by the SARH. However, in practice, the SPP carries out this function virtually independently of the SARH.

At the same time, the SARAH is part of the Agricultural Cabinet, an interministerial body responsible for the major agricultural policies, e.g. official agricultural prices. The SPP, the Secretariat for Finance and the Secretariat for Trade and Industrial Promotion, amongst others, also participate. As head of the agricultural sector, the SARH should play an influential role within this cabinet.

The agricultural planning achievements of the Under-secretariat of Planning have been relatively limited. At the more global level, the Programa Nacional de Desarrollo Integral (National Integrated Development Programme) (PRONADRI) was formulated in 1985-1988. However, this sectoral plan was produced at an untimely moment - at governmental mid-term - and had little influence in the definition of sector-specific policies.

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1/ The term state may lead to confusion. We refer to the entities or states that make up a federal republic.

Planning activities have not extended much beyond the formulation of annual output plans, which merely estimate the cultivated areas per crop and the potential outputs which serve to calculate the degree of domestic self-sufficiency.

In practice, the work of the General Planning Division is limited to conducting baseline and trend studies, monitoring the progress of the annual cultivation programmes (formulated by the Under-secretariat for Agriculture, developing training programme for planning and preparing the annual budget.

The more global consideration of agricultural planning problems in Mexico would indicate the existence of an institutional structure largely unsuited for sectoral coordination. The sectoral division within the public institutions (agricultural, financial and marketing, inter alia) is such that a number of agencies determining agricultural activity belong to other sectors or are coordinated by institutions other than the Under-secretariat for Agriculture. For example the *Compañía Nacional de Subsistencias Populares* (National Company of Staple Foods) (CONASUPO) is part of the marketing sector and the *Banco Nacional de Crédito Rural* (National Rural Credit Bank) belongs to the financial sector. They are therefore outside the control and coordination of the SARH. In such circumstances, the SARH is without the instrumental means of planning the agricultural sector effectively.

### 3. The decentralization of agricultural planning

Decentralization in Mexico initially took the form of function delegation to parastatals and agencies. These were officially headed by ministries, including the Ministry of Agriculture, but were actually relatively autonomous. Prominent amongst these was the CONASUPO, which was responsible for the purchase of a large part of the staple grain harvest at official prices, the Banco Nacional de Crédito Agrícola (National Bank for Agricultural Credit), the Instituto Mexicano del Café (Mexican Coffee Institute), the Tabacos Mexicanos (Mexican Tobaccos), the Instituto Nacional de Investigaciones Agrícolas (National Institute of Agricultural Research), in addition to a large number of function-specific agencies and trust funds. Too much emphasis was undoubtedly laid on the establishment of such parastatals which resulted in inadequate intergovernmental coordination. This in turn obstructed planning activities.

This initial stage was subsequently followed by deconcentration and the establishment of SARH office in every State. This undoubtedly enhanced the SARH's operational penetration nationwide.

However, the most interesting move towards spatial decentralization has been the creation of the rural development districts. Each State was divided into districts and district offices established in each, staffed specifically to programme and implement SARH actions. The first planning initiative was the creation of a data compilation system and the introduction of district agricultural analyses. District-level activity has so far concentrated on technical assistance, but this form of decentralized institution could enhance the implementation of other programmes. An accompanying problem of decentralization has been the reluctance to provide the rural development districts with enhanced resources and, above all, greater decision-making functions and authority.

Functional relations existed between the district planning level and the state planning programme and between the latter and the central Planning Under-secretariat. The operational procedures envisaged the "downward flow" of indicative standards or goals from the central to the State level, where the rules would be harmonized with State interests, resources and needs. The more detailed and specific goals and orientations would then proceed from the State level to the districts, which would, in turn, bring them into line with local potentials and resources. The "upward flow" process would then be initiated with the successive reformulation of the State and federal programmes. In theory, this ensured greater participation of the local unit and integrated producer and peasant associations within the process. In practice, however, the process failed to function in this manner and no progress, however partial, has been made towards establishing a planning process.

The lack of qualified human resources at the State and district levels has undermined the usefulness of the decentralization structures. Some progress has been made through training programmes (PROCAP-CESPA and INCA RURAL) but not enough.

Social participation in decentralized agricultural planning has been very limited. Though official statements and the law establishing the National Democratic Planning System repeatedly emphasize participation and specify the corresponding mechanism, little real progress has been made. At the central and State levels, participation has only amounted to (often ex-post) discussions of particular programmes with the leaders of the Confederación Nacional Campesina (National Peasant Confederation) (CNC), one of the three branches of the PRI, the governing party, and with the entrepreneurial higher echelons. Peasant association and agricultural entrepreneurial participation is allowed in the rural development districts, but such practices have not been consolidated. If the districts are given most decision-making power and resources and the institutional participation channels are upgraded, this form of decentralized institution will be right for more democratic planning.

Finally, the new Government that took office in December 1988 has been preparing a Rural Modernization Programme, with greater emphasis on peasant participation. The new SARH team is proposing to follow a different decentralization procedure hitherto little explored in Latin America: the transfer of functions to the farmers' and peasants' associations. The Government itself has acknowledged the excessive bureaucracy and inefficiency of the agricultural public institutions and is anxious to rectify the situation by transferring functions to the social groups involved.

D. PERU

1. Background of the national planning system

The formal planning system has existed since the early 1960s. During this period, planning in Peru developed considerably and was institutionalized with the establishment of the "national system of Economic and Social Planning" in October 1962. This system was made up of the National Council for Economic and Social Development (Consejo Nacional de Desarrollo Económico y Social), the National Planning Institute (Instituto Nacional de Planificación), the Planning Advisory Council (Consejo Consultivo de Planificación) and of the sectoral and regional planning offices.

The senior agency within the System was the National Council for Economic and Social Development, which comprised the President of the Republic, all Ministers, the head of the National Planning Institute and the Presidents of the Banco Central and Banco de la Nación. The Council determined the policy orientations of the planning process. The National Planning Institute was established as the lead agency of the system. The Planning Advisory Council was conceived as a vehicle for private sector participation in planning discussions. The sectoral offices were expected to prepare the sectoral development plans and to participate in budget formulation. Finally, the Regional Offices constituted an extension of the National Planning Institute in the departments, where they coordinate the actions of the public sector institutions.

The system also included a number of coordination mechanisms, such as the Plan National Commission (Comisión Nacional del Plan), Plan Executive Commission (Comisión Ejecutiva del Plan), Financial and Economic Commission (Comisión Económica Financiera), Executive Commission for Budgetary Planning (Comisión Ejecutiva de Planificación Presupuestaria), in addition to sectoral and special Commissions.

The National Planning system has always produced a large number of plans, except for 1982-85, when the administration of President Belaúnde Terry (1980-85) suspended their formulation. A noteworthy feature of these plans is that they have covered all the time scales: long-medium and short-term.

The structure of the system has varied considerably over time, as has Government support for the system and for planning itself. The structural changes introduced by the government of General Velazco Alvarado (1968-75), made planning more substantial and redefined its orientations. Given the perpetual division in Peruvian society "coast and highlands", planning was given a regionalist slant, which eventually led to the formulation and implementation of numerous regional and sub-regional plans.

From 1975, with the military government of Morales Bermúdez and the constitutional government of Fernando Belaúnde Terry, planning lost importance as a decision-making instrument. This was due to the prevailing political orientations, the emergence of the external financial crisis and the new economic policies. The results were a sharp reduction in all planning activities, fragmentation within the national system and inertia in its principal agencies.

The situation was again reversed during the first two years of President Alan García's administration, which aimed to develop and reassert planning, though on new bases in line with the proposed new socio-political model, which advocated enhanced regionalization, as constitutionally mandated. This implied a major restructuring of the State, with the decentralization of political power in favour of the interior as a prominent feature.

Thus, priority was given to reorganizing the National Planning system and reinforcing the National Planning Institute (INP) for concerted, decentralized participatory planning.

In submitting the Government Plan for 1985-90, the President of the Council of Ministers and Minister of the Economy and Finance informed Congress that the Peruvian economy and its short-, medium- and long-term policies would be jointly planned by the State, the business sector and the people. Government action and joint planning would regulate the market and keep social control over the economy.

Unfortunately, the economic and social situation as of 1987 invalidated these proposals. Tremendous economic instability and wavering policy is on how to tackle the crisis dealt a severe blow to expectations of consolidated planning. Nevertheless, progress was made towards politico-administrative decentralization with the approval of the Framework Law for Regionalization of 1987 which laid the foundations for the institutionalization of a quasi-federal political system. By January 1990, 11 of the 12 regions envisaged in the National Regionalization Plan had legislative status and the status of Lima and of the constitutional province of Callao was under discussion.

## **2. Description of the agricultural planning system**

Under the National System for Economic and Social Planning created in 1962, the central-level sectoral planning office was responsible for agricultural planning, in conjunction with both the planning and programming offices of the decentralized Ministry of Agriculture territorial bodies and the related public enterprises and decentralized institutions. The main function of the sectoral office was to formulate the sectoral development plans, participate in drawing up the budget and evaluate plan implementation.

The names of the territorial bodies have varied over time to match their changing geographical coverage. Thus, these changed from agricultural department administrations to zonal administrations, when the definition "agrarian zone" related to areas that not necessarily coinciding with the politico-administrative demarcation of the country. This definition remained in force throughout the 1970s. When regional classification was introduced during the period 1981-87, these bodies became "regional administrations", though strictly speaking they continued to maintain their previous zonal coverage.

Departmental jurisdiction was reassumed with the prevailing constitutional Law (Legislative Decree No. 424, June 1987) and the creation of the Department Agrarian Units (Unidades Agrarias Departamentales). However, this provision introduced a structural innovation with the creation of regional coordination bodies; the Agrarian Development Centres (Centros de

Desarrollo Agrario). Though these did not perform the activities of the Ministry within their area of competence as did the Departmental Agrarian Units, they were to conduct studies and put forwards proposals to the Ministry and the National Planning Institute on matters concerning inter-regional agrarian development and policy in homogeneous agro-economic areas (Art. 38).

The organization and functions of the central-level sectoral planning office have remained essentially the same, however, the pendular swing of global policies has produced certain noteworthy features.

The inception of what is known today as the Sectoral Office for Agrarian Planning (Oficina Sectorial de Planificación Agraria) (OSPA) can be dated from 1969 with the promulgation of Decree Law 17533 (Agrarian Sector Constitutional Law). From this time until the first half of the 1970s, at the time of major reform policies, this body acquired influence beyond the sectoral level on account of its predominant role in defining the support policies and actions of agrarian reform, and because it produced a spatial hierarchy model for the rural development programmes of that time.

After agrarian reform, the OSPA lost its leading role and served as a traditional Ministerial advisory body, at a time when liberal macro-economic policies were beginning to gain momentum. The office did, however, acquire certain functions regarding the new decentralized agencies created during 1981-87 (cf. Legislative Decree No. 24, January 1981). Thus, five offices were placed under the direct supervision of the OSPA: expansion of the agricultural frontier, agricultural development, forestry development, agroindustrial development and development of the agrarian structure. The implicit objective was to monitor three new decentralized agencies: the National Institute of Agricultural Research and Promotion (Instituto Nacional de Investigación y Promoción Agropecuaria) (INIPA); the National Institute for the Expansion of the Agricultural Frontier (Instituto Nacional de Ampliación de la Frontera Agrícola) (INAF); and the National Forestry and Wildlife Institute (Instituto Nacional Forestal y de Fauna) (INFOR).

The structure of the Ministry of Agriculture and the "scope and composition of the Agrarian Sector" were again modified with the introduction, in 1987, of the present Agrarian Sector Constitutional Law. This new law established three sub-Ministries, one of which, Agrarian Economy and Cooperation, is responsible for the agrarian planning and data systems. The position of the OSPA is unclear as, until recently, it had served as a Ministerial advisory body and was, therefore, directly answerable to the Ministerial Office. However, the new Constitutional Law withdrew the institutional status that the OSPA had enjoyed since its inception, lessening its influence in Ministerial decisions. Yet, Article 20 stipulates that the OSPA advises the Ministry in the formulation of agricultural policy; implements Ministerial planning and the budget and coordinates and monitors the planning and budgets of the Decentralized Public Agencies; coordinates and evaluate investment projects at its own level of competence and for international technical cooperation.

Article 18 stipulates that the National Agrarian Coordination Council (Consejo Nacional de Concertación Agraria) is responsible for advising the Ministry in the formulation, coordination and implementation of agrarian development policies, plans and programmes, and that it comprises representatives of the Ministry, the agricultural decentralized agencies and the farmers' associations.



The Deputy Ministry of Production and Coordination executes sectoral coordination policy on behalf of the Minister. One of his responsibilities is the Sectoral Office for Prices, which is responsible for implementing price policies.

There are a number of problems attached to this agricultural planning system. Firstly, the authority of the sectoral planning units, together with the other regulatory units of the agrarian public sector, has been gradually waning because of the increasingly influential emergence of special projects with advisory responsibilities for sectoral policies, priority-area plan and programme formulation, administrative assistance, etc. In practice, parallel units have been responsible for these tasks since the previous Government. First of all, since 1983, through the Agricultural Sectoral Programme Special Project (Proyecto Especial Programa Sectorial Agropecuario) (PEPSA) funded by the IDB. Though originally established because of the emergency created by natural disasters in the north coast and the central and southern highlands, it gradually expanded to include other areas and the programming and execution of actions in theory the province of regular sectoral institutions.

A similar situation occurred in 1985 with the Agricultural Planning and Institutional Development Project (Proyecto Planificación Agrícola y Desarrollo Institucional) (PADI) funded by AID/PL-480. The Project comprises four support components: analysis of agrarian policy, information, administration and human resource development. The first component led to the formation of the Agrarian Policy Analysis Group (Grupo de Análisis de Política Agraria) (GAPA), whose functions have in practice come to parallel those of the OSPA.

Secondly, the public sector is hampered by the budgetary restrictions and low incomes of the technical staff, which sap their motivation and dedication. Their level of professional training is low and new staff members are recruited with each change in government administration and the appropriate recruitment procedures sidestepped.

Thirdly, even disregarding the previously mentioned problems, the coordinating functions of the OSPA are hampered by the high degree of autonomy of the public institutions and enterprises in relation to the Ministry of Agriculture. In addition, sector-related functions were distributed amongst a variety of Ministries, and the OSPA is too weak to play an adequate coordinating role. As a result, students of the Peruvian institutional system have stated that one of the main features of Government agro-food action has been the absence of a single supervisory and executive institution. 1/

Finally the organizational instability of the agrarian public sector, which was reshaped five times between 1969 and 1987, not only compounded the above problems, but also totally changed institutional administrations and objectives and programmes priorities. It also produced structural overlapping and confusion of roles and functions.

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1/ A. Figueroa and R. Hopkins: "El Sector Público y el Problema Agroalimentario (mimeo). Lima, February 1986. Page 39.

In this context, a number of sectoral and multi-sectoral plans were established to overcome specific problems, though these failed to ensure wide-reaching solutions (in this sense, we can refer to problem-based planning).

One of the more important sectoral plans was the Sierra Plan, created with S.L. 028-AG in March 1988, which received considerable promotional support from the Government and, particularly, from the Ministry of Agriculture. The Plan aimed to introduce wide-ranging operations in the Peruvian Sierra: soil and water management; seed research, production and distribution; plant protection; livestock development; research on and production of farm implements; agroindustrial development, etc. The Plan was expected to benefit over 2 000 peasant communities with an investment of some 640 million dollars.

Previously, in January 1986, the Ministry of Agriculture had introduced the Agricultural Revival and Food Security Programme (Programa de Reactivación Agropecuaria y Seguridad Alimentaria) (PRESA) as part of its food security policy. The programme identified a series of priority commodity lines as targets of coordinated policy actions. Permanent National Coordination Bodies (Coordinaciones Nacionales Permanentes) (CONAPES) were created for each commodity line; as cooperation and coordination units with public and private sector representation.

The multi-sectoral plans, under the National Planning Institute, also sought to overcome specific problems through interministerial coordination. One important plan was the National Food Security Plan. It was established to define orientations and, from a global-intersectoral perspective, to coordinate structurally and coherently the main policies and actions to be executed by the corresponding administrative sectors, with a view to jointly solving the serious food and nutrition problems of broad sectors of Peruvian society. 1/

Another programme deserving mention is the Special Project Programme for the Development of Micro-regions in Economic and Social Distress (Proyecto Especial Programa para el Desarrollo de las Micro-regiones en emergencia Económica y Social) (PEPDMEES). This programme, created in September 1985, was one of the first actions introduced by the Government of President Alan García. The programme was financed by the Micro-regional Development Fund and was under the INP. Based on previously work to demarcate micro-regions as the smallest planning unit, the PEPDMEES implemented some 70 Micro-regional Development Programmes (Programas Micro-regionales de Desarrollo) (PMD) in the most underprivileged parts of the Peruvian Sierra during the first year. In effect, these amounted to village-level development projects intended essentially to increase Government presence in areas subject to armed violence. Each PDM comprises components such as: food production for local consumption; basic service; the strengthening of human settlements; the primary processing of local commodities; production support infrastructure, etc.

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1/ Comisión Especial de Seguridad Alimentaria, Secretaría Técnica, "Plan Nacional de Seguridad Alimentaria" (mimeo). INP, Lima, May 1986.

These are some of the more important centrally prepared planning instruments concerning to agrarian and rural problems. They have not always been implemented in coordinated fashion. The Sierra Plan could not be executed because of immediate implementation problems, whilst the PRESA was insufficiently coordinated with institutions outside the Ministry of Agriculture. The National Food Security Plan could not be formulated in detail. Finally, the PEPDMEES, though initially successful, is now reduced to a small group of PDMs, as most of the programmes and staff ended up as targets of armed violence.

### 3. The decentralization of agricultural planning

Concerning decentralization in more general terms, with the establishment of the National Planning System in 1962, the Regional Planning Offices were already operating under the National Planning Institute (INP). These replicated the Institute's national-level functions in each region coordinating the action of the various public sector institutions. The offices were attached to any existing regional development agencies, making their relationship with the INP purely functional.

During the same period, the introduction of municipal elections boosted the clout of the provincial middle-class urban sector. These managed to change the development corporations from branches of the central government decentralized agencies for regional planning and investment, with the elected municipal representatives, participating in their control. <sup>1/</sup>

The military government created Regional Development Agencies (ORDES), a significant first step towards administrative deconcentration. The Constitution of 1979 and the Corporations Law of 1981 led to the establishment of the Departmental Development Corporations (CORDES). Though not very successful in terms of political decentralization or administrative deconcentration, their participatory mechanism was better than that of the ORDES. More to the point, these corporations will disappear with the next regional administration.

The inauguration of the current presidential administration produced a new reversal. One Government priority was reorganization of the National Planning System and a stronger INP, thereby gearing it to a "concerted, decentralized and participatory" planning process.

As this involves planning decentralization of the crucial importance of some of the strategies and instruments introduced to deal with the Peruvian regional issue demand our attention.

One of the many virtues of agrarian reform in Peru was the light shed on a new series of regional contradictions. Until then, the monopoly of large-scale land ownership was based on a kind of extra-territorial regime comprising small, somewhat feudal, states virtually beyond Government power to

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<sup>1/</sup> Patricia Wilson Salinas and José Garzón, "El Estado, la Región y la Decentralización en el Perú", Revista Interamericana de Planificación, Vol. XIX, No. 73, Mexico, March 1985.

intervene. The disappearance of big land owners and the freeing up of large regional areas, particularly in the Highlands, soon led to the realization that there was no alternative social power; high Government profile would therefore be needed to direct regional development. This is basically what happened.

The underlying strategy considered the decentralization process as the essential basic of regional development. Hence, the constitutional mandate of 1979 providing for the creation of regional governments and also the development of regional planning in Peru. Hence also, the so-called interior Development Model of the 1970s, aimed essentially at achieving regional economic autonomy, and furthering the process of accumulation, with the State acting as promoter, and including institutional decentralization.

Since then the focus of the National Planning System has increasingly shifted from agriculture (in the production sense) to the rural sector as a whole. Thus, the concept of agricultural sector has been enriched with the spatial search for components that permit a broader approach and development programmes that include economic and social aspect. The rural issue, therefore, is increasingly treated in a regional context. For this reason, the INP has increased the number of "integrated regional" programmes.

The Government Plan for the period 1985-90 justifies the priority to rural and agricultural development as follows: "We need decentralized concerted planning (State-producers) to strengthen the peasant economy". The document goes on to say that "the trend in State reform is to go beyond the sectoral approach and that the modified Executive structure will permit "the transfer of executive functions to the corporations, micro-regions, autonomous agencies and public enterprises".

Meanwhile, the Framework Law on Regionalization has established a similar criterion, for the regional governing bodies have been designed to integrate related sectors. Thus, for example, the agricultural sector as such only exists for the purposes of the national regulatory system. At the regional level, it has been merged within a "macro-sector" known as the Regional Secretariat for Extractive Production (Secretaría Regional de Asuntos Productivos Extractivos). The Secretariat is responsible for carrying out the functions and duties stipulated in the Law for agriculture, forestry and wildlife; fisheries; mining and hydrocarbons; natural resources and the environment. (Art. 36: Framework Law on Regionalization).

Given this and other mandates of the Law on Regionalization, the 1987 Constitutional Law on the Agrarian Sector will have to undergo substantive changes.

This Constitutional Law seeks to establish administrative deconcentration by creating Agrarian Development Centres at the regional level (these are still inexistent); the Departmental Agrarian Executive Committees; the Departmental Agrarian Units; and the Rural Development Centres. However, this structure does not correspond to the one established for the regional governments. Nor does it determine the forms of decentralization of sectoral planning, for which the Law on Regionalization provides for a Regional Secretariat for Planning and Budget, responsible for directing budget planning and formulation for the Regional Government and its decentralized agencies, in accordance with national and inter-regional development policy (Art. 39).

The Law on Regionalization prescribes that planning is organized territorially and functionally at the regional and sub-regional levels, and that the regional governments participate with the central-level ministries and agencies in the formulation and evaluation of the national development plans.

The regional decentralization process introduces two new elements. Firstly, the Department ceases to exist as a politico-administrative boundary and, therefore, all its related territorial and functional organizations also disappear. This means that the departmental units established by the Constitutional Agrarian Law cannot go forward. Secondly, "macro-sectors" are created for planning purposes in each regional government. These are regional and sub-regional in scale, with the latter being defined according to criteria laid down in the laws giving rise to each regional government. Similarly, the more specific aspects of regional planning, such as the planning organization and process itself, are also governed by the corresponding legislation.

For these reasons, the agricultural sector and planning are subject to the new structure and functions of the regional governments, which are still in the process of being reformulated. It is clear that, once again, the sector will soon have to undergo a new process of restructuring to reflect the new regional legislation.

E. CONCLUSIONS REGARDING THE PROGRESS AND PROBLEMS OF DECENTRALIZATION IN THE COUNTRIES STUDIED

1. Administrative deconcentration

Virtually all aspects of the decentralization process have advanced during the last two decades. However, the advances have generally been formal and institutional rather than implementational. In the absence of the wherewithal to thoroughly implement the process of the intended impact, namely, to increase social participation in decision-making, has also been blunted.

This does not mean that decentralization programmes have failed, still less that future efforts in this area should be curtailed. On the contrary, obstacles notwithstanding, decentralization appears an increasingly necessary tool, needed to make the Ministries of Agriculture and agricultural planning agencies more flexible and effective. Over the course of time, these institutions have become complex, often cumbersome, and bureaucratic.

There has been a rapid growth in the number and size of public agricultural agencies in the countries studied due to the development model adopted in Latin America which is based on a sizeable and growing governmental presence. Another factor is the increased importance of the agricultural sector in State planning, which has implied deconcentration virtually from the outset. It would have been impossible for the agricultural institutions of the 1950s and 1960s to carry out the growing number of increasingly complex tasks performed (promotion of production, agricultural extension, technology, agrarian reform, domestic and external trade, financing, etc.)

The Ministries of Agriculture have expanded in size and complexity. New institutions have been set up to carry out functions previously performed by the central offices: a clear process of administrative deconcentration. However, the multi-faceted nature of agriculture, regional differences and a wide range of social and rural diversity have undermined the capacity of public institutions located in the capitals and the main provincial cities. They lacked first-hand information on what was taking place in the regions and their authority to implement policy at the regional and local levels was limited.

The solutions to this problem have been: territorial deconcentration programmes; the delegation of functions to parastatal agencies; regional development projects; and territorial decentralization programmes.

2. Territorial deconcentration

The Ministries of Agriculture in Brazil and Mexico have been territorially deconcentrated particularly the latter where branches of the Secretariat for Agriculture and Water Resources (SARH) were set up in all States to initiate horizontal planning. The staff in each State branch sees to the regional implementation of the various SARH programmes. This means that the SARH is replicated on a small scale in each State of Mexico.

This form of deconcentration has undoubtedly increase the capacity to conduct regional analyses and implement development programmes more

effectively. However, it has not led to greater agrarian association participation in planning. Thus, simple territorial deconcentration of the Ministries of Agriculture or other major agricultural public structures will not alone democratize the planning process.

### 3. Delegation of functions

Latin American Governments have often preferred to deconcentrate their intervention in the sector by delegating functions to decentralized agencies and parastatals. A major step in this direction has occurred in all the countries studied. In each there are agencies specialized in essential functions or services: research and technical assistance, agrarian reform and land settlement, marketing, financing and agricultural insurance, etc. In Brazil and Mexico, the State itself is a producer and distributor (at subsidized prices) of fertilizers and improved seeds. These agencies have managed to acquire such importance that many of them have deconcentrated, opening offices and branches in the States and regions. Enterprises such as CONASUPO or the National Bank for Rural Credit in Mexico are commercial or financial enterprises with nationwide networks.

This form of specialized agency has unquestionably enabled the Governments of the countries in our study to implement far more goal-policies and even to carry out commodity-specific projects. However, they have suffered from problems which future institutional reorganization programmes should bear in mind. They repeated the mistake of the Ministries of Agriculture in following highly centralist policies, which in the end excluded the participation of the farmer and peasant groups. At the same time, the proliferation of agencies with considerable autonomy compounded the lack of institutional coordination. Though this autonomy was necessary to strengthen the operational capacity of the decentralized agencies by sidestepping the bureaucratic delays of the Ministries of Agriculture, it also produced isolated and uncoordinated actions, repetition, contradictions and, above all, a lack of common criteria in policy implementation which the planning bodies were unable to rectify.

Some of the results of problem-based planning or programming should also be briefly mentioned. For the Peruvian Food Security Plan and the Mexican Food System (SAM), food self-sufficiency was defined as the strategic priority. Efforts were then made to coordinate the intervention of various public institutions for greater effectiveness. This is an interesting idea, but it requires a high degree of inter-institutional coordination. The fragmentary structure of the agricultural planning systems impeded coordination, however considerably restricting the positive impact of these programmes.

### 4. Regional planning

Regional Planning began in some countries in the 1960s. It involved programmes to promote the development of regions that were either backward or strategically important on an economic and social level. Ad hoc agencies with their own budgets, objectives and operating rules were established. The rural development programmes implemented in Brazil by the Superintendencies of Regional Development (SUDENE, SUDAM, SUDECO and SUDESUL), the Sierra

development programmes in the Andean countries and various projects implemented in Mexico to tackle rural poverty and to increase staple grain output are examples.

This form of public intervention in agriculture was seen to be more effective when the objectives were specific and territorially limited (promoting production or the use of specific technology, or rectifying the marginality of individual groups or regions). Its disadvantages were those of the decentralized agencies: extremely vertical structures that failed to promote active people's participation and, in practice, virtual independence from the ministries of agriculture (a shortcoming of the agricultural planning system more than of the regional agencies).

## 5. Territorial decentralization

Finally, we should consider at somewhat greater length the progress and problems of the territorial decentralization programmes. These programmes are important as the form of decentralization most illustrative of the two dimensions mentioned in Chapter I - the institution and its geographical coverage. They are also the major advance in democratic and participatory planning.

The URPAs in Colombia and the CEPAs in Brazil constitute an attempt to create new institutions outside the purview of the Central Government, and capable of coordinating the actions of federal and State (or departmental) agencies within regional and local boundaries. The URPAs comprise officials from the Ministry of Agriculture and its departmental agencies, as well as officials from the departmental offices involved in agricultural development. In Brazil, the CEPAs form part of the State Government, but they are linked to the Ministry of Agriculture, which provides technical and financial support.

One principal advantage is greater operational coordination and agreement between the federal and regional (State or departmental) levels. Decision-making has included officials with points of view that are more in tune with regional and local problems.

These new institutions have also been successful in providing local information and producing review of local resources and potentials. Previously not available, these provide a far more accurate basis for the identification of problems and investment projects. The URPA and CEPA offices and technical personnel generally deal with data and statistics, studies, investment planning, etc. In Brazil, activities have varied from subject - and commodity-specific studies and analyses, requested both by the federal and the State authorities, to regional and State development plans and the formulation of investment programmes and projects. They have also participated in the implementation and monitoring of regional rural development programmes.

In Mexico, the spatial decentralization effort has created rural development districts. Each State has been divided into districts, and district offices have been set up in each with personnel to programme and execute the actions of the Secretariat for Agriculture and Water Resources (SARH). This has given SARH regional ramifications but its status as head of the sector allows it to call upon other public entities and farmers'



organizations. Its main contributions are data compilation, technical studies, investment projects and, particularly, direct technical assistance to farmers.

Also of interest is the Peruvian experiment of decentralizing agricultural planning down to the micro-regional level, as part of a strategy to rehabilitate the rural sector and local rural potential which includes aspects of rural social life and not just agriculture. The experiment is still under way and has come up against difficulties, so it is still too early to draw any conclusions. However, a degree of success has clearly been achieved in involving local peasant and farmer organizations in local and regional development efforts.

Nevertheless, a major limitation of decentralization efforts has been the lack of social participation. Though they have all formally established participation as a basic goal, little progress has been made in this direction. This failure cannot be attributed to a lack of farmer and peasant unions and social organizations, or these exist and are active in the countries studied. Rather, the explanation should be attributed to the reluctance of the bureaucratic structures to share decision-making with other social sectors and to institutional inadequacies.

A closer examination of this point reveals the absence of clear and stable institutional structures for coordination and cooperation. This is particularly true of joint agencies responsible for federal and State linkage. The URPAS have not had their own staff and the budget of the CEPAS has depended on how State/Governments view their importance. In practice these agencies have developed very unevenly and have only progressed in States where the conditions were favourable. Given this instability they have understandably made little progress towards democratic planning. Nor have other institutional dimensions outside the public-offices sector such as those in certain Asian countries, been created to permit dialogue and operational coordination between the Government, producers and associations.

A further major problem affecting these decentralized institutions is the sluggishness and bureaucracy of the central level which is reluctant to allocate monetary and human resources. They often lack their own budgets, their staff have fewer technical qualifications than central staff do, and there are no material incentive to induce higher-calibre officials to move to the regional and local levels. Nor are they given sufficient resources to run enough training courses to meet their quantitative and qualitative needs. All these aspects - adequate budget, incentives, good human resources and sufficient funds for training -, in addition to a clear stable institutional structure are present in those countries that have successfully achieved spatial decentralization, as indicated in the cited FAO study. Future decentralization programmes in Latin America will have to consider these factors.

The bodies created by the territorial decentralization programmes are directly affected by the political clout of national planning efforts. When the concept of planning is discredited, related institutions, particularly the regional ones, lose authority and resources and are deprived of any useful role. In Brazil, after an initial favourable period the CEPAS began to decline. The only ones still active today are those with specific regional government support.

To conclude, the difficult economic situation in Latin America, scarce public resources, austerity measures and the countries institutional crises demand a rethinking of government intervention in the agricultural sector and the forms it should take. Territorial decentralization of planning could constitute a valid option in this context to make State action more efficient and appropriate. Analyses, problem-identification and, above all, decision-making would be transferred to institutions and staff working at regional and local levels. This would not only guarantee a more accurate insight into problems, it would also enhance dialogue and coordination with farmer and peasant organizations. A key element of this process is broad-based participation by producers and rural development programme beneficiaries.

Such social participation can accommodate other initiatives and innovations. Efforts are being made in Mexico to transfer functions currently performed by government institutions to peasant organizations which can carry them out more effectively: insurance, credit, marketing and technical assistance. Decentralization in the sense of democratic planning will require the coordination of rural associations and these, in their turn, will need a more appropriate political and institutional setting for their future development. One of the fundamental tasks of planning decentralization is to help to achieve these conditions.

#### IV CONCLUSIONS AND RECOMMENDATIONS

##### A. The planning crisis

The import substitution development model followed by most Latin American countries during the pre-crisis period, and the prevailing protectionist climate of the world economy, combined to give planning great national importance, politically and in terms of government administration.

With the advent of the economic crisis and relatively uncontrollable inflationary processes, economic policy orientations began to focus on market forces, liberalization and reduced public expenditure. The tightening external stranglehold and the rising level of debt meant giving absolute priority to the short term, thereby appreciably reducing the capacity to control and plan the economy.

As a result, less importance was attached to comprehensive national economic planning based on global and sectoral plans (reference plans) with intense State intervention. Most of the Latin American Governments now give lower priority to planning throughout the entire State apparatus and its areas of intervention.

The decline of planning and of the political commitment to promote it are part of the prolonged economic crisis and governmental inability to control it. There are still national planning bodies, but often with little influence on policy implementation and isolated from the operative ministries. These bodies continue to prepare plans and programmes but these bear little relation to actual government management and their influence has declined accordingly. National and sectoral plans continue to be formulated in various countries as the laws require, but are increasingly relegated to formal unproductive exercises. The planning offices, meanwhile, either disappear or lose political importance, resources and qualified personnel.

The planning crisis also stems from internal factors related to the organization and operation of the executing agencies, and to planning techniques or methods. Thus, for example, the implementation of planning requires inter-institutional coordination and institutional mechanisms which can harmonize goals, budgets, operational programmes, and put them into practice. In reality, the necessary internal coordination and institutional capacity to apply planning successfully is non-existent.

The execution side of planning in Latin America has often proved excessively rigid and impractical. Elaborate formal methodologies planning and interinstitutional relationships, uncoordinated institutional arrangements and inefficient bureaucratic practices have failed to rise to the need for flexible, coordinated action to cope with the extreme domestic and international economic instability characteristic of recent decades.

##### B. Planning and the mixed economy

We should at this point dwell again on the false dilemma "planning vs. market economy". Even in an economy with a radical deregulation and privatization programme, the State will continue to perform activities within its jurisdiction, including public investment in infrastructure, and will

continue to be responsible for fixing the working rules of the economy and directing fiscal, monetary and other policies. It will, therefore, still have to plan and control these activities to measure their actual and expected impact on economic activity and ensure their general coherence. This can only be achieved through more flexible planning systems better adapted to prevailing conditions.

The planning crisis precludes any renewed emphasis on the conventional comprehensive methodologies, which have been universally criticized: "targets set for variables which could not be controlled or even predicted, expectations of economic behaviour which had more to do with faith than analysis, a lack of clarity regarding key instruments and actors, and failure by governments to accept the discipline of the plans formulated on their behalf". 1/

However, it would be unwise to go to the other extreme, that is, to eliminate all forms of planning and to depend entirely on the market as the only mechanism for economic coordination and resource allocation. State intervention continues to be essential in the mixed-economy developing countries, though this should be rationalized to avoid excesses and mistakes. Particularly in the agricultural sector, improved forms of public intervention could play an important role in catalyzing growth-with-equity rural development, thereby rectifying the centralizing tendencies of the past.

Thought will have to be given to the type of planning that is feasible in a mixed economy, particularly during a time of economic instability and crisis which make it difficult to control the national economies. Though, the dynamics within a mixed economy will continue to be based on market forces, there is still a need for planning in the sense of State economic decision-making within a systematic and coherent framework, which uncoordinated, *ad hoc* economic policy instruments could never provide.

With this in mind, the concept of strategic planning suggested by Matus and van Arkadie is attractive, though the substance will differ. Unlike integrated planning, this concept does not involve the formulation of objectives for all sectors of the economy. It merely identifies a relatively limited range of key strategic tasks that can be accurately predicted and implemented by the Government.

By concentrating attention on a limited priority programme, a Government can better and more effectively influence economic events. The concentration of efforts on the key aspects permits the effective use of limited governmental policy resources. Strategic planning can also identify possible or desired strategic scenarios and the means of attaining these by identifying the key decisions required to facilitate specific options. This takes place within the climate of uncertainty normal in a market economy, in which the plethora of protagonists escapes government control.

Planning no longer plays a key role in resource allocation in an economy based on market mechanisms and limited State intervention. Nor can planning control the complete economic situation. It must be restricted to certain key areas, selected for their strategic importance, and should include two general

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1/ B. van Arkadie, *op. cit.*

action categories: the regulation of direct State intervention in the production of goods and services (essentially public investment and State programmes for the various fields remaining within its jurisdiction); and, secondly, State activities that indirectly affect production by influencing the behaviour of the private economic sector. These include exchange, monetary and fiscal policies, on the macro-economic level, and prices, financing, marketing and technology on the agricultural level.

The recent development of baseline statistical data and predictive models for Latin American economies, coupled with the general availability of computers and software, have considerably improved the Governments' ability to measure the real or expected impact of their activities, before and during implementation. This is an essential feature, for much of future planning will have to deal with actions that do not directly affect the production of real goods and services, but rather stimulate or discourage the production activities of the economic sector.

In a market-based economy with moderate State intervention, the role of planning would be based on giving substance to State activity, regulating public investment, rationalizing the basic operating rules and coherently orienting the essential economic policies in line with the strategic objectives which the political process has established.

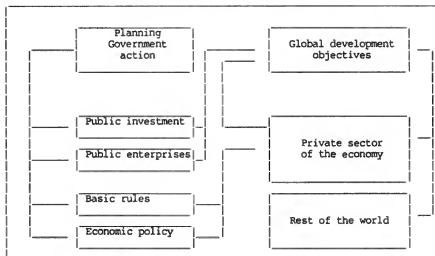
These principles can be synthesized as follows. A general planning structure should have government setting the operational rules for the private sector, and focusing on influencing the private sector through central governmental economic policies. It will then be up to the private sector to carry out the production and distribution side and achieve the development objectives which policy has established. The Government itself will intervene directly through public enterprises and public investment. As modern economies become increasingly open and interdependent, the "rest of the world" influences the private sector and the achievement of objectives, but generally remains outside the influence of public policies.

Planning in a mixed economy must be democratic and participatory. The very nature of the economic system produces mechanisms through which society and business interact to set objectives and adopt policies intervening as well in the various aspects of official national, regional and local planning and implementation.

On the one hand, social groupings legitimize government action and its objectives. On the other, the private economic sector (including small producers, consumers, etc.) play a leading role in the production of goods and services, and much of the governmental action is directed towards promoting specific private sector options in compliance with socially adopted objectives.

A number of concrete planning models fit this general concept, but all should be measured in terms of their compliance with the general principles of State planning in a mixed economy. Because economic decisions cannot be centralized in such economies and they require planning participation, decentralized planning is the only compatible option.

Global planning model in a mixed economy



C. The limits of agricultural planning

With regard to agricultural planning, the Ministries of Economics, Finance or Planning are now increasingly overshadowing the Ministries of Agriculture in policy decisions that affect the agricultural sector and over which it should have some authority to harmonize macro-economic and sectoral policies.

Many of the current institutional structures leave insufficient space for the Ministries of Agriculture (or the agricultural planning bodies) to collaborate with the Ministries in charge of determining global economic policy orientations on decisions that affect the agricultural sector. The major decisions (such as total public expenditure and investment in agriculture, policies affecting sectoral costs or prices and, those determining exchange or interest rates) are usually taken by the Ministries of Finance or by other institutions, with the Ministries of Agriculture only playing a minor role. Agricultural planning often has to consider these aspects of national policy as external data.

In such circumstances, agricultural planning is, at best, limited to programming resources and activities within parameters determined elsewhere.

However, the institutional relegation of the ministries of agriculture to the agricultural alone (which does not cover the whole rural sector) and the separation from global economic decision-making are taking place during a time of growing linkage between economic sectors and accelerated integration

of national economies into the world market. The result is a very complex interdependence in which the agricultural sector plays an increasingly subordinate role. The major policies that determine this role are formulated outside the reduced sphere of influence of the agricultural institutions.

#### D. The trend towards decentralization

Deconcentration and decentralization programmes were introduced in various countries to reshape agricultural public institutions which had become excessively centralized and rigid and, for the most part overconcentrated in the major urban areas. The ministries of agriculture had grown to this complexity in order to deal with a greater number of activities and the need for increasing government intervention in a changing and increasingly diversified agricultural sector. All the case studies clearly indicate a subsequent move towards administrative deconcentration with the establishment of new branches and offices with new functions and powers.

There were also clear moves towards spatial deconcentration from the 1970s. Some ministries of agriculture and other federal entities and decentralized agencies opened offices in the federal territories or in specific regions. These moves towards administrative and spatial deconcentration represented a definite step forward, in terms of ministerial intervention capacity. The new regional bodies maintained the level of coordination as the expansion was intra-institutional. However, they did inherit the bad habits and routines of the somewhat bureaucratic ministries, with their lack of communication channels with rural producer and worker groups.

Possibly to overcome this problem of bureaucracy, the agricultural public sectors expanded to form new, decentralized agencies. These always had a high degree of budgetary and operational autonomy in relation to the ministries of agriculture and the other planning agencies. Institutes for research and agricultural extension or agrarian reform were established from the 1970s, as were institutions responsible for marketing or the programming and promotion of nationally important crops.

This process gave governments greater control over the central aspects of agricultural activity: decentralized and specialized institutions have greater flexibility and operational independence and are not restricted by the bureaucratic systems so typical of the big centralized ministries and national planning institutions.

However, the delegation of functions to administratively independent agencies aggravated the lack of institutional coordination; the new agencies had their own resources and operated with considerable independence; there were no inter-institutional coordination units; and the planning offices were unable to coordinate actions. The complexity of the rural issue and the diversity of the Latin American agricultural sectors meant that the efforts to deconcentrate and to delegate authority were unable to significantly modify the scope and effectiveness of public agricultural action. There is a need for closer and more detailed analyses of regional resources and problems and for a greater capacity to promote rural development more effectively, in tandem with the producer organizations.

The question arises as to whether territorial decentralization enhances plan execution and policy implementation. Though it is clear that the new decentralized institutions have improved programme implementation and somewhat strengthened institutional impact, a number of problems have seriously restricted their effectiveness.

One of the most important is the lack of institutional stability due to excessive reorganization, concept and policy changes, and programme interruptions in the ministries and other official bodies. The decentralized units continue to operate but their effectiveness and political authority have waned.

Another problem has been the lack of clearly defined institutional structures capable of ensuring satisfactory operational coordination between the decentralized agencies and the national entities, including the ministry of agriculture and the planning offices. The decentralized planning institutions are generally understaffed and lack independent resources; they can only function adequately with considerable support from the central offices. The lack of clearly defined institutional structures to coordinate and discuss the work, not to mention inertia at the central level, hinder the decentralization process.

Another serious limitation has been the lack of planning participation on the part of the producer organizations and, in general, the beneficiaries of the rural development programmes. Despite the universal emphasis on the need for social participation, this often only amounts to consultation with the more important farmers' associations. There cannot be said to have been major progress towards democratizing the planning process, for these are no institutionalized provisions for dialogue and coordination between government and the relevant social groups.

There would appear to be general consensus regarding the strategic importance of agriculture as a means of overcoming the present crisis and ensuring continued economic development. FAO's proposed strategy to stimulate the agricultural sector in Latin America highlights the need for institutional changes.<sup>1/</sup> One change focuses on modifying the relationship between the ministries of agriculture and the ministries responsible for defining macro-economic policy. New institutional provisions are needed to give the ministries of agriculture more influence in planning actions and defining policies which have a major impact on the agricultural sector.

There is also growing consensus regarding the importance of decentralization as a means of enhancing government intervention in the agricultural sector and facilitating the participation of producers and other social groups. However, the mere decentralization of the agricultural planning system will not amount to much unless the general planning and decision-making system is also decentralized. In other words, decentralized agricultural structures will only become truly effective when the political will exists to pursue such a course and to implement an extensive transfer of functions and powers to the lower levels.

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<sup>1/</sup> FAO, Potential for Agricultural and Rural Development in Latin America and the Caribbean, Rome, 1988, Main Report. Chapter 15.



The effectiveness of the decentralized structures will also depend on institutional stability and the continuity of ongoing programmes. We have seen that the frequent changes in government agencies, with the new agency often superseding its predecessor, seriously undermine decentralization impact.

Another problem is sustaining and equilibrium between decentralization and institutional coordination. The case studies revealed that in each country decentralization produced a dispersal of administratively or spatially decentralized agencies, each operating virtually independently of the other. There is a need for institutions that truly coordinate action to tackle the central issues within the framework of strategic planning. This would mean assigning more functions and powers to the ministries of agriculture or creating new mechanisms for real liaison and coordination.

Territorial decentralization is currently the most promising type of institutional reform in Latin America. It would lead to more realistic, better-informed strategies, increase the effectiveness and reach of public action and enable beneficiaries to participate in planning and evaluation.

The major problem is how to enlist active social participation, essential if this form of decentralization is to gain momentum. With regard to changes in the organizational structure, there is a need for new provisions to permit dialogue and coordination between the government and the production sectors, joint liaison institutions that provide for collaboration and democratic planning.

The transfer of functions to non-governmental agencies would be another step in this direction. The recent consolidation of peasant and rural producer organizations and of non-governmental organizations providing technical, financial, marketing and other assistance supports the viability of this form of decentralization. Care would have to be taken when defining the first functions to be transferred in each country and when determining the coordination and discussion mechanisms.

Finally, the success of decentralization will also depend heavily on the existence of training and continuous assessment. Decentralization, after all, means establishing the local capacity to perform tasks and exercise authority, otherwise the decentralization process has no substance. Programmes to train staff and producer organizations are therefore essential. The transfer of high-calibre staff to the new decentralized institutions should be encouraged, which means extensively modifying the institutional orientations.

## E. Guidelines for decentralized agricultural planning

### 1. Decentralization down to the local level

The decentralization of agricultural planning in Latin America has so far mainly entailed the transfer of functions down one tier from the central government to government agencies at the regional and state level. There have been few instances of decentralization down to the micro-regional, municipal, project or small peasant community levels. <sup>1/</sup>

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<sup>1/</sup> Asian and African village-level decentralized planning has no equivalent in Latin America. See FAO, Training in Decentralized Planning: Lessons from Experience, Rome, 1987.

Yet, effective producer participation can clearly only be achieved if the smaller territorial units are included in the planning system. For the large Latin American countries this will not only extend to second- or third-tier politico-administrative subdivisions (for example municipalities within the States), but also project areas, microcatchment areas, communities and even specific production units (particularly cooperatives and similar enterprises).

The inadequate development of local institutions in some countries and the shortage of qualified staff may discourage the creation of decentralized planning systems at every level. However, this is not an extensive problem in most of the Latin American countries. The training of regional and local officials and the use of pilot regions may be essential to achieve these objectives.

## 2. Regionalization

Territorial decentralization should be based on appropriate regionalization and micro-regionalization criteria so that planning responsibilities are assigned in line with a realistic territorial demarcation that respects the geographical distribution of the population and natural resources, and that permits rational management of the development process.

There is a wealth of experience in Latin America on the use of various regionalization criteria. Regions may be designed on the basis of pre-existing politico-administrative units., regional homogeneity, or other principles.

Regional homogeneity would appear appropriate precisely in extensive areas with similar features, as in the case of certain flat regions.

In the case of rugged terrain, however, other criteria might be more appropriate. Zones or regions can be defined in terms of real or potential links between different neighbouring areas, as in the case of the Andean micro-regions. Regions (and especially micro-regions) can be defined on the basis of common problems or problems that can be globally treated (as, for example, micro-regions defined on the basis of watershed or micro-watersheds).

Regionalization experiences that have ignored pre-existing political units have generally not been very successful. Regions can be formed by combining States, Provinces or Municipalities, but it is difficult for a politically-fragmented region to function properly.

The operational responsibilities of micro-regions and rural development project areas often fail to include the decentralization of planning. Increased operational decentralization in favour of local authorities must also include local planning. Experiments such as micro-regionalization in Peru deserve to be tested more thoroughly, more constantly and more often.

## 3. Stability

Lack of continuity has been a major obstacle to the development of planning in Latin America. Such discontinuity may take various forms:

- legislative discontinuity;
- discontinuity in institutional dependence, that is, of the linkage between the institution and the rest of the State;
- discontinuity in executive and technico-professional staff;
- discontinuity in the territorial jurisdiction of each decentralized planning office;
- discontinuity in agricultural development objectives, strategies, policies and programmes;
- discontinuity in the patterns of participation in planning;
- discontinuity in data flow.

Some of these problems stem from the general instability of the Latin American political framework. Others are attributable to the planning system itself and could be rectified through a greater awareness of their negative impact, particularly at the local level where failure tends to inhibit subsequent farmer participation in the development process.

#### 4. Financial decentralization

Genuine decentralization implies more than the mere distribution of secondary functions such as data compilation or plan and programme proposals. It requires effective financial authority to pursue the plans and programmes and to sustain decentralized agency operating costs.

This means administrative territorial decentralization accompanied by:

- the allocation of regular and dependable sources of funding for each territorial area established. It may be based on specific taxation or royalties on the extraction of natural resources in the region. This approach does, however accentuate regional disparities due to pre-existing natural resource availability or taxation capacity. Part of the funds allocated to each region should come from a redistribution from the resource-rich regions to the poorer regions;
- the authority for local use and management of regional development funds from international assistance or credit sources. Depending on the context, this authority should be entrusted to local autonomous governments, development projects operating in specific areas and even communities or non-governmental organizations handling development projects;
- local agency power to structure and restructure their own budgets and those of the programmes and projects under their charge, flexibly, without the rigidity of centralized budget management.

## 5. Organization

Decentralized agricultural and rural planning requires a clear allocation of functions and appropriate organization at all levels. <sup>1/</sup>

Planning functions should be distributed throughout the levels of participation. The central level will take charge of setting the medium and long-term objectives; determining national priorities; harmonizing agricultural policies with overall and other macro-economic policies; establishing the criteria and general parameters to guide actions at lower levels; and providing advice and training.

The principal regional duties involve the evaluation of regional resources, potentials and limitations for agricultural growth; the establishment of regional priorities and strategies; the coordination of regional programmes and projects (and the implementation of national projects in the region) in accordance with national planning guidelines; coordination between the various institutions (at different levels) operating in the region; and the preparation of special programmes or sub-programmes for specific social groups or problem areas and their integration with other agricultural development activities in the region.

At the local level, the main functions of a decentralized agricultural planning system include the preparation of local programmes and projects; organization and programming to provide services or to supervise aspects such as input supply, credit availability, output storage and marketing, etc; as well as the supervision and monitoring the local implementation of national and regional programmes.

The micro-level (cooperatives, project areas and sub-areas, etc.) is important in medium-size and large countries. This level should see to the formulation and follow-up of micro-regional rural development projects, and monitor the local implementation of higher-level programmes.

The planning agencies are usually responsible, at all levels, for coordinating the gathering and (to some extent) the processing of the statistical data base for planning. Advances in micro-computer technology have made it possible to decentralize baseline data processing to a level that would have been inconceivable a few years back. Each local planning unit or project area can maintain an appropriate data system (at reasonable cost), which should contain an area database and updated information on all the related programmes and projects.

The organizational and institutional basis of a decentralized agricultural planning system may take various forms depending on the global institutional framework in each country. There will, nevertheless, have to be a national agricultural planning agency linked to the Ministry of Agriculture

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<sup>1/</sup> See related FAO recommendations for North Africa and the Near East in the document "Regional Decentralization for Agricultural Development Planning in the Near East and North Africa" (FAO, Economic and Social Development Paper No. 73, Rome, 1988).

and coordinated with the global planning agency. There will also be regional units or institutions that are answerable, as far as possible, to the autonomous Governments (States, Regional Corporations, etc.) but that are also required to coordinate with national agency activity at regional level.

Each micro-region should also have an agricultural planning unit in the rural development or agency centres, project areas or sub-areas, etc. These units will usually be small and responsibility for coordinating planning functions entrusted to the extension staff. However, the participatory concept means that the priorities and activities should be discussed and agreed with the direct and regular participation of the beneficiaries and other social groups involved.

## 6. Coordination

As already mentioned, decentralization creates horizontal and vertical coordination problems, which can be classified into various categories:

- Intra-sectoral coordination. The actions of all sub-sectors involved in agricultural development planning need appropriate coordination mechanisms to ensure mutual coherence. This means creating permanent systems to coordinate institutions at different levels in the public sector hierarchy, central government offices, autonomous government or municipal offices, decentralized or autonomous institutions, public enterprises, social groups.
- Intra-sectoral coordination. Agricultural development planning should be coordinated with other planning. During the momentous situation events of the 1980s in Latin America, dominated by structural adjustment requirements and reduced central planning as they were, agricultural sector needs often clashed with macro-economic decisions. The success or failure of agricultural programmes is usually affected by aspects such as prices, exchange rates, interest rates, external trade, and the general level of incomes determined by economic policy.

The concept of strategic, framing partial objectives in a context of uncertainty, in this case implies that some State action will escape the control of agricultural planning, although clearly rural development plans must consider the general context and orientation of macro-economic policies. The lack of coordination will most likely continue so long as the ministries of agriculture and the agricultural sector itself are not considered vital to the achievement of the macro-economic objectives.

Coordination committees need to be set up at all levels of the agricultural sector, including the project area and specific community levels for harmonious State action in line with the established development objectives. In each macro- and micro-region, the various public bodies and relevant social sectors should participate in the adoption of plans and programmes and in the supervision and management of the development process.

Coordination is achieved through appropriate interaction between the institutions involved. The system should envisage a discussion process that encourages suitable horizontal and vertical coherence. In other words, there

should be a dialogue between the various institutions operating in the same area or region and between the various hierarchical levels.

## 7. Social participation

The notion of decentralized public intervention is increasingly appealing because of the credibility gap produced by the best global planning systems applied in Latin America in the 1950s and 1960s, and because of the current institutional crisis in the region, which has weakened the traditional forms of intervention. True decentralization would imply that farmers' unions and peasant associations would have a far greater role in defining goals, actions and resource allocation, and in implementing certain activities previously carried out by the State.

In other words, democratic planning would appear to be the best means of streamlining agricultural institutions and even changing their orientation. In the past these over-bureaucratic institutions have been unable to breathe life into the agricultural sector. If this sector is to be strengthened and stimulated then the farmers, its driving force, must necessarily be allowed to participate actively in the process. Appropriate political conditions and institutional frameworks will therefore be needed to promote economic and social rural development. This is one of the major challenges of present and future public action in the agricultural sector.

